ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W. F. A. TURGEON
Commissioner

A. S. Whiteley, Secretary

VOLUME XIII

59th, 60th, 61st and 62nd Days.

Minutes

Mr. McRuer.

ROBERT BRYDIE
OFFICIAL REPORTER
TORONTO
CANADA

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[illegible]	Memo prepared by Mr.Hallam [illegible] 1929, [illegible] [illegible] not and other things.	[illegible]
[illegible]	Copy of letter from Dept. [illegible] of Canada Limited to Mr. Hallam, dated [illegible] 1, 1930.	[illegible]
[illegible]	Letter dated Dec. 1st, 1929 from Carl Dunn of Can. Ltd. to Major Hallam, with petition attached, dated November 30, 1930.	[illegible]
[illegible]	Letter dated December [illegible], 1930, [illegible] Underwear, Ltd. to Mr.Hallam.	[illegible]
[illegible]	Letter from Atlantic Underwear to Mr.Hallam, dated Dec. 22, 1930, and copy of letter from Mr.Hallam to Atlantic Underwear dated Dec. 24, 1930.	[illegible]
[illegible]	Letter from Mr. [illegible], [illegible] in Mr. Hallam, dated [illegible] 17, 1931, with coat sheet attached.	[illegible]
[illegible]	Copy of letter dated Jan. [illegible], 1931, from Mr.Hallam to J.R. Watson.	[illegible]
[illegible]	Letter from President, with memorandum of [illegible] to the prime minister of Canada.	[illegible]
[illegible]	United Kingdom Spinning Companies Operating Manual.	[illegible]

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[illegible]	Letter dated July 15, [illegible] from D. [illegible] Mellon.	[illegible]
803	Letter dated [illegible] 21, [illegible] from [illegible] Mosiery Mills, Ltd. to [illegible].	[illegible]
804	Letter dated [illegible] 20, [illegible] from [illegible] Hosiery Mills Ltd. to Major Douglas Mellon.	[illegible]
805	Letter dated Dec. 17, 1921 from [illegible] D. Mellon.	[illegible]
806	Circular letter [illegible] to broad silk section.	[illegible]
807	Letter dated Dec. 16, 1926 from D. Mellon to J.A. [illegible].	[illegible]
808	Memo marked "Confidential" dated Oct. 19, 1926, re Silk Industry.	[illegible]
809	Copy of letter dated Oct. 17, 1926, from Mr. Mellon to Mr. J.A. Mertz.	[illegible]
810	Copy of letter marked Confidential, dated Nov 20, 1926, from Mr. [illegible] Hamilton, to Mr. Mellon.	[illegible]
811	File on [illegible] Mills [illegible] in the [illegible] three from Jan. 1920 to [illegible] 1926.	[illegible]
812	Letter dated [illegible] Mellon from G.E. [illegible] to D. Mellon.	[illegible]

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61D	Letter dated March 5, 1984 from Mr. Mullen to Mr. Mullen.	9317
61F	Copy of a letter dated March 23rd, 1983, from Mr. Mullen to Mr. [illegible] with copy attached of articles from the Globe.	[illegible]
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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary

F I F T Y - N I N T H D A Y

October 1st, 1936

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel.
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Company
S.G. Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

Toronto, Ontario,
Thursday, October 1, 1936

-- The Commission resumed at 10.30 A.M.

DOUGLAS HALLAM, Examination by Mr. McRuer, (Resumed):

BY MR. McRUER:

Q. Then as part of the same exhibit, No. 592, dealing with this question of production in the Broad Silk Section, I show you what purports to be a copy of a letter from the Silk Association to Mr. Young?

A. That is correct.

THE COMMISSIONER: Pardon me a moment, Mr. McRuer: Is this a new letter?

MR. McRUER: Yes, my lord. It will be part of the same Exhibit, 592. You will remember that we suggested yesterday we keep them all together. It has to do with the question of the limitation of production in the Broad Silk Section.

THE COMMISSIONER: A letter from whom?

MR. McRUER: From Mr. Hallam to Mr. Young, Mr. Young being the gentleman in Price, Waterhouse Company who was retained to make a survey of the productive possibilities of the mills.

THE COMMISSIONER: Retained by the mills?

THE WITNESS: By the Broad Silk group, my lord.

MR. McRUER: This reads as follows:

"Confirming my telephone conversation

Toronto, Ontario,
September 5, 1944.

-- The Commission resumed at 10.30 a.m.

Examination by Mr. Reuter,
(Resumed):

BY Mr. Reuter:

Then as part of this same exhibit, No. 395, dealing with this question of production in the broad silk industry, I know you what purports to be a copy of a letter from the Silk Association to Mr. Young?

A. That is correct.

THE CONSULTANT: Further as a document, etc.

Reuter: Is this a new letter?

MR. REUTER: Yes, my lord. It will be part of the same Exhibit, 395. You will remember that we suggested yesterday we keep them all together. It has to do with the question of the limitation of production in the broad silk industry.

THE CONSULTANT: A letter from whom?

MR. REUTER: From Mr. Malcolm to Mr. Young, Mr. Young being the gentleman in Ottawa, Westhouse Chamber, who was retained to make a survey of the productive possibilities of the mills.

THE CONSULTANT: Retained by the mills?

THE WITNESS: By the broad silk group, my lord.

MR. Reuter: This reads as follows:

"Dominion of Canada

with you last night in Montreal, there are ten broad silk mills that desire to obtain certain production figures.

The mills in question, in an alphabetical list, are as follows, with the name of the man of each mill who was present at the meeting on December 20th, 1932, their office addresses if different from the location of the mill:

ASSociated Textiles Ltd.
Office Meyor Building, Montreal, Jackson H.Marx
Mill Louiseville, P.Q.

M.E. Binz & Co. Ltd.
Office 1449 St. Alexander St. M.E. Binz,
Montreal, (C.M.Stauber)

Mills Danville, Que.

British American Silk Mills,
747A Guy Street, Montreal, P.Q. Mr. Hodges,

Bruck Silk Mills, Ltd.
Office 282 St. Catherine St. W. I.I. Bruck,
Montreal, P.Q.

Mill Cowansville, P.Q.

Canadian T.S.R. of Lyons Ltd.
Office 1470 Peel St. Montreal, J. Beaubien
G.G. Ryan,

Mill Cap de la Madeleine, Que.

Consolidated Silk Mills, Ltd.
Office 1449 St. Alexander St. J.M.Bornstein,
Montreal, P.Q.

Mill St. Hyacinthe, P.Q.

Grout's Ltd.
St. Catharines, Ont. Col. McSloy,
(P.R. Watson)
(C.F.Woodward)

Louis Roessel & Co. Ltd.
Office 1449 St. Alexander St. John Cowling,
Montreal, P.Q.

Mill Drummondville, Que.

Riverside Silk Mills Ltd.
Galt, Ont. G.H. McCormick,

Slingsby's Silk Ltd.,
Brantford, Ont. John Lewis."

certain production figures.

The mills in question, in an alphabetical list, are as follows, with the name of the man of each mill who was present at the meeting on December 20th, 1928, their office addresses if different from the location of the mill:

Mill Longueville, P.Q.

A.T. Ross & Co. Ltd.
Office 1449 St. Alexander St. M.E. Ross,
Montreal.

Mills Danville, Que.
British American Silk Mills,
1494 Guy street, Montreal, P.Q. M. Hodges,

Mill Cowansville, P.Q.
Canadian I.S.K. of Lyons Ltd.
Office 1497 Peel St. Montreal, P.Q. G. Gwyllim,
H.E. Ryan,

Mill Cap de la Madeleine, Que.
Canadian Silk Mills, Ltd.
Office 1497 St. Alexander St. J.H. Montgomery,
Montreal, P.Q.

Mill St. Jerome, P.Q.
Grout's Ltd.
St. Catharines, Ont. J.E. Hanley,
(J.A. Gibson)
(C.J. Woodward)

Lewis Bassett & Co. Ltd.
Office 1497 St. Alexander St. Jean Dwelly,
Montreal, P.Q.

Mill Greenville, Que.
Dominion Silk Mills Ltd.
Office, Que. J.J. McLaughlin,

I suppose those whose names appear in brackets were alternatives? A. I presume so, yes.

I think Colonel McSloy was at that meeting but I don't think Mr. Watson or Mr. Woodward were; they are alternative names.

"The information that is required is as follows:

1. Count the number of looms installed.

2. The loom hours worked in each mill monthly, for the period December 1st, 1931 to November 30th, 1932. This should be checked back from the payrools for weavers.

3. Production of silk and art silk fabrics in lineal yards in the condition as they came from the loom, in the period December 1st, 1931 to November 30th, 1932, and monthly if it is convenient to obtain the information that way.

In view of my talk with you, it is absolutely unnecessary for me to stress the importance of extreme accuracy or that no information should be given to any mill from another mill, the result of your check being supplied to this office only.

The information is required as early as possible, and in no event later than January 15, 1933.

The account for this work should be addressed to this office, but the mills will

I suppose those words appear to Lancaster what [illegible] Very? . I presume so, yes.

I think Colonel Bailey was at least meaning but I don't think Mr. Atkin or Mr. Woodward were very [illegible] [illegible].

"The information that is required is as follows:

1. Does the number of looms increase?

2. The loom room worked 12 mins well regularly, in the period December last, 1921 to November 1922, 1921, 1922 in December 1921 [illegible]

3. Production of silk and mill fabric in linear yards in the condition as they come from the loom, in the period December last, 1921 to November 1922, 1922, and monthly if it is convenient to obtain the information thus [illegible].

"In view of my [illegible] [illegible] absolutely unnecessary for me to set up the importance of extreme accuracy or that no information should be given to any mill from another mill, the result of your check being [illegible] [illegible].

The information is required as early as possible, and in no event later than January 4, 1923.

[illegible]

divide whatever the cost of this initial survey is, and we would like to have an estimate of what monthly surveys will cost after the initial survey has been made.

This letter will serve as an introduction to each mill, and I will ask each man named as attending the meeting to write their mill and so advise them. If there is any point that is not clear, please wire me."

The idea apparently being, Mr. Hallam, that the auditor should obtain this information and remit it to your office where it would be compiled as a whole, and give you total figures? A. It was compiled by the auditor as a whole and, in the end, that is what happened; the auditor compiled it as a whole and gave it to my office.

Q. Yes. Then I show you a letter dated December, 29, 1932, from the Silk Association to Mr. Marx which pupports to be signed by you? A. That is my signature, yes.

THE COMMISSIONER: You said what date, Mr. McRuer?

MR. McRUER: December 29th, 1932, my lord. It reads as follows:

"I have a letter from Price, Waterhouse and Co., Montreal, in which they state that they find it impossible to obtain loom hours. I have the same report from the Toronto branch of this firm; that is, they are able to obtain accurate loom hours from one firm out of three they have

[illegible]

is, and we would like to have an estimate of what monthly surveys will cost after the initial survey has been made.

This letter will serve as an introduction to each mill, and I will ask each man named as attending the meeting to write their mill and so advise them. If there is any point that is not clear, please let me.

The idea apparently being, Mr.Hilam, that the auditor should obtain this information and remit it to your office where it would be compiled as a whole, and give you total figures? A. It was compiled by the auditor as a whole and, in the end, that is what happened; the auditor compiled it as a whole and sent it to my office.

Q. Yes. Then I show you a letter dated December, 27, 1923, from [illegible] which purports to be signed by you? A. That is my signature, yes.

[illegible]

R. HOWE: December 20th, 1923, my lord. It reads as follows:

"I have a letter from Price, Waterhouse and Co., Montreal, in which they state that they find it impossible to obtain loom hours. I have the same report from the Toronto branch of this firm, that is, they are able to obtain accurate

loom hours from one firm out of three they have examined.

This looks as though any basis of cutting down will have to be on yardage in the greige. No doubt you are considering the best method which could be adopted to do this."

Apparently the ultimate objective of this survey was some organized method of cutting down production?

A. If production was excessive, yes.

Q. Well, that was then, in other words, an organized method of control of production?

A. Yes, I would say that.

Q. Yes. And your conclusion, from the fact that they were not able to get the loom hours from all the mills, was that this would have to be done by cutting down on yardage in the greige?

A. The final report will show whether we were able to get loom hours or not.

Q. I am getting at the development, that is all.

A. Well, that is a correct statement, yes.

Q. Then I show you, Mr. Hallam, a circular letter addressed from yourself to Mr. Marx, with his name typed in on a circular letter dated January 3rd, 1933. That is a circular letter you sent out?

A. Yes, that is a circular letter I sent out.

MR. KELLOCK: What is the date of it, Mr. McRuer?

MR. McRUER: January 3rd, 1933.

loom hours from one firm out of three they have mentioned.

This looks as though any basis of cutting down will have to be a reduce in the grades. No doubt you are considering the best method which could be adopted to do this."

Apparently the ultimate objective of this survey was some organized method of cutting loom production?

A. If production was excessive, yes.

Well, that was then, in other words, an organized method of control of production?

A. Yes, I would say that.

Q. Yes. And your conclusion, from the fact that they were not able to get the loom hours from all the mills, was that this would have to be done by cutting down on production in the country?

A. The final report will show whether we were able to get loom hours or not.

Q. Then the setting of the assignment, was it not?

A. Well, that is a correct statement, yes.

Q. Then I show you, Mr. Hallam, a circular letter addressed from yourself to Mr. Dunn, with his name typed in on a circular letter dated January 3rd, 1938. That is a circular letter you sent out?

A. Yes, that is a circular letter I sent out.

MR. MCLUCKY: What is the date of it, Mr. Commissioner?

Mr. Martin Tessier, K.C.: 1934.

It reas as follows:

"Mr. John Lewis, of Slingsby's Silks Limited, has asked me to inform the other mills that their mill has shortened their selling terms to one per cent. thirty days from date of invoice, effective January 1st, 1933."

Now, why was Mr. John Lewis asking you to notify theother mills that they had shortened their selling terms to 1 per cent., 30 days from date of invoice? A. I cannot remember what the circumstances were. Evidently he advised me so and I sent the letter out.

Q. You sent out a circula r letter and typed in the names of the other mills; you had it multigraphed and sent out, this announcement that Mr. John Lewis has changed his selling terms. I should have thought that if these mills were competing with one another Mr. Lewis would have to shorten his selling terms, but it would not necessarily mean that they would have to go to the trouble of having all the other mills circularized? A. I don't see why he shouldn't tell them what his selling terms were.

Q. I just want to get the reason for it being done, Mr. Hallam, what was unerlying it. You were the man who were asked to do it, you must have known all about it. A. Well, I presume he wanted them to know what his selling terms were.

Q. Why should he want them to know what his

It read as follows:

"Mr. John Lewis, of Gilgeby's Mills Limited, has asked me to inform the other mills that their mill has shortened their selling terms to one per cent. thirty days from date of invoice, effective January 1st, 1922."

Now, why was Mr. John Lewis asking you to notify the other mills that they had shortened their selling terms to 1 per cent., 30 days from date of invoice?

A. I cannot remember what the circumstances were. Evidently he advised me so and I sent the letter out.

Q. You just put a friendly letter and typed in the names of the other mills; you had it multigraphed and sent out, this announcement that Mr. John Lewis has changed his selling terms. I should have thought that if these mills were competing with one another Mr. Lewis would have to shorten his selling terms, but it would not necessarily mean that they would have to go to the trouble of having all the other mills circularized? A. I don't see why he wouldn't tell them what his selling terms were.

Q. I just want to get the reason for it being done Mr. Hallam, what was underlying it. You were the man who was asked to do it, you must have known all about it. A. Well, I suppose he thought that his selling terms were.

Q. Why should he have thought he ought to give away his

selling terms were; why did he not run his own business? A. Evidently he asked me to do it and I did it.

Q Mr. Hallam? A. That is a correct statement.

Q. Can you give us any idea as to why it was being done and not justmerely because you were a mechanical machine that typed off a circular letter? A. I cannot remember that circular.

Q. No, no; I am not asking you to remember a circular? A. You are asking me for information.

Q. I am asking you if you can tell us why one mill was asking you to notify all the other mills that it had shortened its selling terms.

THE COMMISSIONER: Is it a change in price?

MR. McRUER: It is a change in discount terms.

THE WITNESS: It is a change in discount terms, yes. I have announced, - I have told the other mills here that Mr. John Lewis, of Slingsby Silks Limited has asked me to inform the other mills that their mill has shortened their selling terms to one per cent, 30 days from date of invoice, effective January 1st, 1933. That is what I was asked to do in the letter; apparently I was asked to do it.

BY MR. McRUER: Q. No, but I want to know if you, as Secretary, can give me any reason in the world why one mill should ask you to notify all the other mills that he had shortened his selling terms, that is, if there was not an agreement on price,

selling terms were; why did he not run his own business? A. Evidently he asked me to do it and I did it.

Q. Well? A. That is a correct statement.

Q. Can you give us any idea as to why it was being done and not journeymen because you need a mechanical machine to speed out a character letter?

A. I cannot remember that circumstance.

Q. No, no; I am not asking you to remember a circumstance? A. You are asking me for information.

Q. I am asking you if you can tell us why one mill was asking you to modify all the other mills when it was discussed the selling terms.

THE COURT ADVISED: Is it a change in price?

MR. MORTON: It is a change in discount terms.

THE COURT: It is a change in discount terms, you I have understood, - I have told the other mills here and Mr. John Lewis, of Kingsley Mills Limited has asked me to inform the other mills that Kingsley Mills abandoned their selling terms to one for cash, 60 days from date or invoice, effective January 1st, 1928. That is what I was asked to do in the letter; apparently I was asked to do it.

BY MR. MORTON: Q. No, but I want to know if you, as secretary, can give me any reason in the world why one mill should ask you to modify all the other mills just to add a discount of selling terms, if there was not an agreement on price.

that affected some prior agreement, that the change in selling terms affected some prior agreement; why should he ask you to notify the other mills that he had changed his selling terms.

BY THE COMMISSIONER: Q. Cannot you tell us? A. My lord, I have literally thousands of letters in my file--

Q. No, no, that is not the question? A. And the letter in itself contains the statement that I was asked to do it by Mr. Lewis.

Q. But why were you asked to do it? A. Because, I presume, he may have talked his terms over with other mills.

Q. Could he not have written to them himself? A. He probably could.

Q. The question is, why was it written through you, what was the object of it? Was it the result of some previous understanding among those parties? A. To my knowledge, no, sir.

Q. What do you mean by "To your knowledge?" A. I mean, I have no recollection whatever of those circumstances.

BY MR. McRUER: Q. Well, when a business man writes to you and asks you to advise his competitors, or to tell his competitors that he has changed his selling terms do you mean to suggest that you, as Secretary of the organization, would have no idea as to why he was doing it? A. Except he wanted

had affected some prior agreement, and the change in selling terms affected some prior agreement; why should he ask you to notify the other mills that he had changed his selling terms.

BY THE COMMISSIONER: Q. Cannot you tell me?

A. My lord, I have literally thousands of letters in my file--

Q. No, no, that is not the question. A. And the letter in itself contains the statement that I was asked to do it by Mr. Lewis.

Q. But why was you asked to do it? A. Because, I presume, he may have talked his terms over with other mills.

Q. Could he not have written to them himself?

A. He probably could.

Q. The question is, why was it written through you, what was the object of it? Was it the result of some previous understanding among these parties?

A. To my knowledge, no, sir.

Q. What do you mean by "To your knowledge?"

A. I mean, I have no recollection whatever of these circumstances.

BY MR. [illegible]: Well, suppose a competitor writes to you and asks you to advise his competitors, or to tell his competitors that he has changed his selling terms do you mean to suggest that you, as secretary of the organization, would have no idea of it at all? A. Absolutely no [illegible]

to let them know what his selling terms were.

Q. We can assume he wanted to let them know, but the question is why he wanted to let them know. Was there a hand-in-glove arrangement in that industry as well as in the Woollen and Worsted? A. As far as I know, Mr. McRuer, although I have heard talks of price, I don't think there was anything of that nature in the silk industry.

Q. Well, we had better have what the talks were. A. They would be sitting around the table.

Q. They would be sitting around the table, you are there, what did they talk about? A. Many things were discussed.

Q. Many things were discussed? A. Yes.

Q. Then what would lead up to such a letter as this? Would they agree on the discount they would allow? If they could agree on discounts I think it would very shortly lead to an agreement on price? A. That is what you may think, but I think the exchange of information in regard to discounts is quite proper.

Q. Well,---

BY THE COMMISSIONER: Q. It is not a question of whether anything is proper or improper; it is a question of what you know, and I would like you to try and be a little more specific? A. I am sorry, my lord, I cannot really remember the circumstance.

Q. Instead of arguing as to the propriety or impropriety, please tell us the facts. I have no doubt

to let them know what his selling terms were.

Q. He was asked to let them know.

but the question is why he asked to let them know.

was there a nod-in-glove arrangement in that industry as well as in the woolen and worsted? A. As far as I know, Mr. Hudson, although I have heard talk of price, I don't think there was anything of that nature in the silk industry.

Q. Well, [illegible]

A. They could be getting around the table.

Q. They could be getting around the table, you are there, what did they talk about? A. They [illegible].

Q. Many things were discussed? A. Yes.

Q. Then what would lead up to such a letter as that? Would they agree on the discounts they would allow? If they could agree on discounts I think it would very shortly lead to an agreement on prices?

A. That is what you may think, but I think the exchange of information in regard to discounts is quite proper.

Q. Well,---

BY THE CHAIRMAN: Q. It is not a question of whether anything is proper or improper; it is a question of what you know, and I would like you to try and [illegible] A. I am sorry, Mr. Ison, [illegible].

Q. Anyone is laughing in the CHAMBER, or [illegible]. [illegible]

someone else will do the arguing for you.

BY MR. McRUER: Then I show you the copy of a letter from Mr. Marx to you, dated January 3rd, 1933,

THE COMMISSIONER: Is this a part of 592, Mr. McRuer?

MR. McRUER: Yes, it will all be part of the same exhibit, my lord. This is a copy of a letter from Mr. Marx to Mr. Hallam, dated January 3rd, 1933.

THE COMMISSIONER: The same date as the last letter?

MR. McRUER: The same date, January 3rd, 1933. This reads as follows:

"I am going to New York to-night, and will be back on Saturday morning.

I believe that we should have all reports completed by that time, and that we should call a meeting by Tuesday of this coming week.

I believe it is very urgent that we do not delay the calling of this meeting. We must make utmost haste in accomplishing this before we get into too serious trouble with production."

That is, Mr. Marx was evidently referring to getting the auditor's report? A. To getting the auditor's report in quickly, and I was using every effort to getting it in quickly.

Q. Yes. Just keeping it in chronological order, I make some reference to the Minute Books, and I am

looking at a Minute dated 20th December, 1932, when you say is the date it started. I think we probably read that in yesterday? A. Yes, I think you read that in yesterday, Mr. McRuer.

Q. Yes, all right. They were dealing with the appointment of the accountant and $100 per mill was to be contributed for the cost of the survey. Then there is a Minute of January 13th, 1933, that was probably the meeting following Mr. Marx' letter of January 3rd. It is a meeting of the Broad Silk Section, held at the Mount Royal Hotel, Montreal, January 13th, 1933, and we have present:

Mr. Marx, Mr. Binz, Mr. Hodges, Mr. Bruck, Mr. Beaubien, Mr. Boell, Mr. Bornstein, Colonel McCloy Mr. McCormick, Mr. Cowling, Mr. Boesell, and Mr. Stoub.

"Minutes of the previous meeting were read and declared correct.

Reports of production, etc., for 1932, were read and discussed, Methods of restriction of production were examined. No action was arranged. The meeting adjourned at 4.30 P.M."

So that the meeting, apparently, lasted from 10.30 A.M. to 4.30 P.M. ? A. That would be correct.

Q. In discussing these reports of production. Then I show you a letter from Mr. Hallam to Mr. Marx, dated January. That is your signature? A. Yes, sir.

Q. It reads as follows:

looking as a single [illegible] December, 1928, was
and why is the data is wanted. I think we [illegible]
that that is necessary? [illegible] Yes, I think you
had that in yesterday, Mr. Hodges.

[illegible] Yes, sir, sir. They were discussing with the
representatives of the Government the plan they will
be [illegible] for the work of the survey.

Then there is a minute of January 16th, 1929, that
was previously the meeting following the total letter
of [illegible] etc. It is a meeting of the Power
Site Section, held at the [illegible] level, [illegible],
[illegible] 16th, 1929, and we have [illegible]:

"[illegible] Mr. [illegible], Mr. [illegible],
Mr. [illegible], Mr. [illegible], Mr. [illegible], [illegible],
Mr. [illegible], Mr. [illegible], Mr. [illegible], and Mr. [illegible]

"Minutes of the [illegible] meeting were read
and confirmed as read.

[illegible] of [illegible], etc., was read.
[illegible] and a discussion, in which of [illegible]
of [illegible] were [illegible]. No [illegible]
arrived. The [illegible] adjourned at 4.30 P.M.
so that the [illegible], apparently, lasted from 1.[illegible]
[illegible] to 4.30 P.M. ? [illegible] that would be correct.

In [illegible] these reports of [illegible].
[illegible] I [illegible] [illegible] on [illegible]
[illegible]. That is [illegible] [illegible]
[illegible] [illegible]

"Attached is the confidential table, prepared from the auditors reports, which you asked me to send to you. The forwarding of this report was delayed owing to the illness of the writer."

Then the report is marked confidential, and it is headed, "Production for 12 months ending November, 1932;" and it gives the number of looms for each mill-associated, Binz, British American, Bruck, Canadian U.S.R. Consolidated, Roessel, Grouts, Riverside, and Slingsby. It also gives the hours? A. does it give the hours?

Q. Yes? A. That is correct.

Q. It also gives Greige yards production, Average yards per hour, and it gives the stocks in grey, and stocks finished. Then I show you a copy of a letter from the Silk Association to Mr. Marx, apparently signed by you as Secretary, dated February 27th, 1933, and it reads as follows:

"Dear Mr. Marx:

You will remember we were leaving over another attempt to control production in the broad silk mills until you thought the time was ripe. How does the situation stand now?

By the way, you called a meeting in my office about two weeks ago, which was cancelled. Was this to discuss the control of production?

Attached is a newspaper clipping from the Mail and Empire. Usually such letters are

hardly worth reading, but in this case the writer seems to have hit the nail on the head:

"The law of supply and demand. This law simply states in effect, that the more any industry produces the less it will get for its product. If farmers produce more grain, fruit, meat or vegetables than can be consumed, the price drops to a figure below his overhead costs. It does not take long for machinery production to saturate any market."

I am sending a copy of this clipping to the other members of the broad silk group."

Now apparently, Mr. Hallam, the matter of the control of production had been left over until Mr. Marx thought the time was ripe? A. That is correct. No action had been taken.

Q. Yes. Evidently Mr. Marx thought it was better to wait ? A. We were going to open the matter again.

Q. Until the time was ripe? A. Yes.

Q. He was to say when the time was ripe. What was the matter at that time that the time was not ripe for such action? A. I presumed that he had made one attempt to do so, and we had been unable to arrive at anything that was satisfactory and we were waiting for an opportunity to discuss it with everyone.

hardly worth reading, but in this case the matter seems to have hit the nail on the head:

"One for of a jolly and dreams. This slogan means in effect, that one does any laudatory phrases one lose it will get for the product. If theatre programs and drink, food, and in vaudeville then it is so-called, one going drops to a figure below his overhead costs. It does not mean long for mechanical production to substitute for drink.

I am sending a copy of this circular to the other members of the brand milk group."

Now apparently, Mr. Malins, the matter of the general of production had been left over until Mr. Mark Brown the time was right? A. That is correct. No action had been taken.

Q. Yes. Obviously Mr. Mark thought it was better to wait? A. We were going to open the [illegible]

Q. Until the time was right? A. Yes.

Q. He was to say when the time was right. What was the matter of that time that the time was not right for such action? A. I presumed that he had some reasons to do so, and we had been moving at anything that was satisfactory and we were glad for an opportunity to increase it with economy.

I would take it that is what was meant.

Q. Then there is a copy of a letter attached to this? A. Is the clipping attached to that?

Q. No, the clipping is quoted in the letter, but there is a copy of a letter dated February 27th, 1933, addressed to Mr. Binz, Mr. Hodges, Mr. Bruck, Mr. Beaubien, Mr. Bornstein, Mr. Cowling, Mr. Watson Mr. McCormick and Mr. Lewis, and it reads as follows:

> Attached is a copy of a letter published in the Mail and Empire. The writer seems to have hit the nail on the head.
>
> Unless the broad silk industry in Canada is governed by laws entirely different to those governing other industries it is apparent:
>
> 1. That unless some rational method of controlling production is devised, and agreed to, potential surplus production will drive prices substantially below cost of production."

--

--

Q. Then there is a copy of a letter attached to

A. Is the citing letter attached to that?

A. No, the citing is quoted in the letter, but there is a copy of a letter dated February 27th, 1948, addressed to Mr. Mize, Mr. Hodges, Mr. Moser, Mr. Mauldin, Mr. Bennett, Mr. Hodges, Mr. Hoover, Mr. Wodzenlos and Mr. Lewis, and it reads as follows:

attached is a copy of a letter published in the mail and daily. The writer seems to have it has mail on the head.

Unless the broad air industry is remade it is governed by laws entirely unknown to those [illegible] under industries it is [illegible]:

1. That unless some rational method of controlling production is devised, and agreed to, potential surplus production will drive prices substantially below cost of production.

"2. That further attempts to reduce costs by further wage reductions or taking quality out of the article are not sound, because this was not the intention when protection was given and Canadian fabrics will be given a black eye for quality."

That paragraph, Mr. Hallam, is rather a little the converse of what we had yesterday. Yesterday we had a criticism because one manufacturer was making his goods better than the other brand. This is a criticism that if they reduce the quality it would give them a black eye.

"3. That under present day conditions uncontrolled surplus production pressure will result in loss to everybody in the industry, no matter what good manufacturers they are or how sound their financial standing, because it actually costs less to operate a mill at raw material and wages costs than to close down."

Is that a fact that it costs less to operate a mill at raw material and wages costs than to close down? A. I would say so. That is my advice from over a period of years. In other words, we investigated in England, with the Englishmen one time, and the concensus of their opinion and my opinion was that it costs you about 20% to close a mill down in taxes and keeping machinery greased and all the rest of it.

THE COMMISSIONER: Would you please read the proposition to me again?

MR. McRUER: "That under present day conditions uncontrolled surplus production pressure will result

"2. That further attempts to terror on the part of trade union leaders or working people out of the exercise of their rights are not found, because this can not fit in harmony when protection has been and constantly further will be given a higher one for quality."

Then I remember, Mr. Gibbons, in property matters you converted on what we had yesterday. Yesterday we had a situation because one manufacturer was making his goods better than the other brand. This is a situation that if what reduces the quality it would give them a worst name.

"3. That some method for ensuring the observance of certain standards in products will result in law a [illegible] in the industry, so better what good manufacturers they are or has found their [illegible] working, [illegible] is less to operate a mill at low material and [illegible] it [illegible] [illegible]."

Is that a fact that it cost is less to operate a mill at low material and wages cost than to close down? I would say so. That is my advice from over a period of years. In other words, we investigated in England, with the exception one time, and the [illegible] of their opinion and my opinion was that it cost [illegible] you cannot afford to close a mill down in terms and [illegible] machinery present and all the rest of it.

THE COMMISSIONER: Would you please read the [illegible] to me again?

MR. BOURNE: "That under [illegible] day [illegible]

"in loss to everybody in the industry, no matter what good manufacturers they are or how sound their financial standing, because it actually costs less to operate a mill at raw material and wages costs than to close down.

4. That uncontrolled surplus production pressure will cause granting of credits which will cause substantial losses to the mills as well as unjust and unfair competition to good customers who are entitled to protection and consideration. It would seem, therefore, that in the interest of employees, good customers and the mills themselves that some form of production control be instituted. There has been time since the last meeting for you to go into the situation thoroughly, and I would be greatly obliged if you would write me in strict confidence your views of the situation, and what can be done. Your views will be strictly confidential to the writer, and merely to guide him."

Why was it necessary for all the confidence about it; the strictness of the confidence is emphasized twice in about two lines; why? A. Because I wanted to get their actual information on the matter, what they actually thought about it and if they didn't want other mills to have that, well and good.

Q. Then, I have a copy of a letter from Mr. Marx to you dated 28th February, 1933 which reads as follows:

"I have your letter of the 27th. There is no doubt that this statement is absolutely correct. If possible I would like to have a meeting called

"In fact, to everyone in the industry, no matter what good manufacturer they are or how sound their financial standing, because it seems so much easier to create a full or one dollar, and suddenly one is then at close room.

4. That distribution matters depend on product will cause multiple conditions which will cause substantial losses to the multi-no multi as well as market and profit competition to good conditions and cause initial it production and manufacturing.

Which does, therefore, lead in the interest of business. Also manufacturers and product distribution such some form of payments in order I be direction those who were blue chips who I had worked hard to go into the attention concerning, and I would gladly welcomed if you would write me in order confirmed your view of the situation, so that can be done. Your view will be strictly confidential to the writer, and ready to quote him."

Why are it necessary for all the manufacturers about the existence of the conditions in conducted below in about two times; why?

To get their point information in the market, which they normally thought every at a if they didn't either will to have that, well and good.

Then, I have a son, or a letter from Mr. [illegible] of [illegible] Company. Into which tends on follows "I have your letter of the [illegible]

[illegible]

[illegible]

"on March 9th or 10th in Toronto. There is no doubt that we will have to do something about production and I think this is as good a time as any to call a meeting."

Now, is there a meeting in the minute book about March 9th or 10th? A. No, the next is on June 1st.

Q. Then, I show you a copy of a letter from Mr. Marx to you dated May 11, 1933 -- we don't seem to have any trace of that meeting in March?

A. I doubt whether that was held; I don't think it was held. It may have been but I have no recollection of it.

Q. This letter reads as follows:

"Dear Major Hallam:

In the 'Women's Wear' of Wednesday, May 10th, there appears an article with reference to the Canadian Silk Industry, in which figures are given leading me to believe that somebody well acquainted with our industry has supplied this material for this paper.

If you can throw any light on the origin of this article, I should be glad if you would kindly communicate with me, as I do not think that it is in the interest of our Trade to publish particulars of this kind which might give the impression to some of our friends in the States that Canada has yet plenty of room for development of the silk industry.

If you do not know at the moment who supplied this material for this article, it might

"We would run a loss in transit. There is no doubt that we will have to do something about production or I think this is as good a time as any to call a meeting."

Mr. Is there a meeting in the minutes book about Motors with a loss?

A. No, the last is on June 1st.

Q. Then, I show you a copy of a letter from Mr. Rees to you dated Jan. 11, 1933 -- do you seem to have any trace of that meeting in mind?

A. I doubt whether that was held; I don't think it was held. It may have been but I have no recollection of it.

Q. The letter reads as follows:

"Dear Major McLean:

In the 'Women's Wear' of Saturday, Jan 14th, there appears an article with reference to the Canadian Silk Industry, in which figures are given leading me to believe that somebody well acquainted with our industry has supplied the material for this paper.

If you can throw any light on the writing of this article, I should be glad if you would kindly communicate with me, as I do not think that it is the interest of our Trade to publ particulars of this nature which might give the impression to some of our friends in the States that Canada has yet plenty of room for development of the silk industry.

If you do not know at the moment who supplied the information for this article, it

"be as well to make inquiries with a view to stopping the repetition of this kind of news, which in my opinion would be best left unpublished."

So that apparently in addition to the control of production your organization was endeavouring to keep others from coming into Canada to manufacture silk?

A. On incorrect information.

Q. Well, I don't know whether the information was correct or incorrect, but Mr. Marx suggests it must have come from somebody inside the trade, so I presume it was rather correct information? A. Might I have a look at it; I have no recollection of that.

Q. You see, what he says is this:- "in which figures are given leading me to believe that somebody well acquainted with our industry has supplied this material for this paper." A. I don't remember the clipping.

Q. You see the point is that this article was giving information abroad that would encourage people to come to Canada and start in the industry. Mr. Marx' view from reading the article is that he thinks it must be somebody well acquainted with the industry that gave it, and that it is not good publicity, it will bring in competitors, Just read that over again now and see if it recalls anything to you? A. I don't remember this article. We had at this time --

THE COMMISSIONER: Pardon me, the article is not here.

MR. McRuer; We apparently have not got the article, my lord.

"We are well to make inquiries with a view to stopping the repetition of this kind of news, which in my opinion would be most injudicious."

Do that appear well, in addition to the control of production [illegible]

5 [illegible]

[illegible]

[illegible] was correct or incorrect, and Mr. Pyne concerned must have come from somewhere inside the house, so I remember it was rather correct information? A. Might I have a look at it; I have no recollection of that.

10 Q. You see, they say in this:- "In which figures are given leading as to believe the company well acquainted with our industry has supplied this material for this report." A. I don't remember the circumstance.

15 Q. You see the point is that this article was giving information abroad that would encourage people to come to Canada and start in the industry. Mr. Carr' view from reading the article is that he thinks it must be somebody well acquainted with the industry that gave it, and that it is not good publicity, it will bring in competitors. Don't read that over again now and see if it recalls anything to you? A. I don't remember this article. We had at that time --

20 THE COMMISSIONER: Perhaps we, the article is [illegible] in.

25 [illegible]

[illegible]

THE WITNESS: We may be able to get a copy of Women's Wear for that date, sir.

MR. McRUER: If I could get a copy of Women's Wear it would be very enlightening. You see, I have got your reply to this letter which we probably better deal with now. A. Could I see that?

Q. No, I beg your pardon -- well, there are two other letters in connection with the same subject matter that I better read first, Mr. Hallam, so that we will have the whole thing. A letter from Mr. Marx to you dated May 12, 1933, the day after the last one --

"I am in receipt of a copy of the letter sent you on May 11th by Mr. Cowling" --

I think probably this former letter I read to you is Mr. Cowling's letter; that is my mistake.

A. I did not check the letter.

Q. It is marked copy for Mr. Marx in the corner.

THE COMMISSIONER: Who is Mr. Cowling?

MR. McRUER: Mr. Cowling was president of the Broad Silk Section --

THE WITNESS: No, Mr. Cowling was President of the Silk Association and Mr. Marx was Chairman of the Broad Silk Section.

BY THE COMMISSIONER: Q. What is the name?

A. John Cowling.

BY MR. McRUER: Q. He is of which company?

A. Louis Roessel.

Q. So Mr. Cowling writes this letter of the 11th of May to you and sends a copy to Mr. Marx, apparently.

THE WITNESS: We may be able to get a copy of Conway's best for us a day, sir.

MR. COLLINS: If I could get a copy of Conway's then it would be very satisfactory. You see, I have got your really to this letter which is simply bother deal with now. A. Could I see the it

Q. Yes, I see your position -- well, there are two other letters in connection with the same subject matter that I before read first, Mr. Wallace, so that we will have the whole thing. A letter from Mr. Burk to you dated May 1st, 1930, the day after the first one --

"I enclose receipt of a copy of the letter sent on May 1st by Mr. Dowling" --

I think probably this former letter I read to you is Mr. Dowling's letter; that is my mistake.

A. I did not check the letter.

Q. It is marked copy for Mr. Burk in the corner.

THE CHAIRMAN: The is Mr. Dowling

MR. MONTGOMERY: Mr. Dowling was president of the Grand Elk Association --

THE WITNESS: Yes, Mr. Dowling was President of the Elk Association and Mr. Burk was Secretary of the Grand Elk Association.

A. John Dowling.

Q. Yes, I see your position.

A. Well, I

Q. Yes, I see your position -- well, there are two other letters in connection with the same subject matter that I before read first, Mr. Wallace, so that we will have the whole thing. A letter from Mr. Burk to you dated May 1st, 1930, the day after the first one --

"I enclose receipt of a copy of the letter sent on May 1st by Mr. Dowling" --

I think probably this former letter I read to you is Mr. Dowling's letter; that is my mistake.

A. I did not check the letter.

Q. It is marked copy for Mr. Burk in the corner.

THE CHAIRMAN: The is Mr. Dowling

MR. MONTGOMERY: Mr. Dowling was President of the Grand Elk Association --

THE WITNESS: Yes, Mr. Dowling was President of the Elk Association and Mr. Burk was Secretary of the Grand Elk Association.

and then Mr. Marx writes you on the 12th.

"I am in receipt of a copy of the letter sent you on May 11th by Mr. Cowling with regard to an article which appeared in Women's Wear.

When I saw this article I immediately took it up with Mr. Cowling and asked him to write you. I was very much surprised that anybody had given out such figures. Of course, I know that it was not you, but somebody has been very foolish.

We had a very nice trip to Ottawa, and I think that there will be developments which may help the Silk Industry. With kind regards, yours truly".

That is May 12, 1933. Then, I have your letter; it is a copy, but it is signed by you, is it not? A. That is correct.

Q. To Mr. Cowling dated May 16th, 1933 --

" I have your letter of May 11th regarding the item in 'Women's Wear' on May 10th. I thought you were referring to the Canadian Women's Wear, but have had a clipping sent to me from the United States paper.

This information originated in this office and without doubt I am responsible for its publication.

Early in May, when raw material prices were jumping, I had various newspapermen get after me in regard to whether conditions were such in the wool and silk raw material market that prices of finished products of wool and silk would increase. In discussing raw material prices and the situation

and then Mr. Mack writes you on the 12th.

"I am in receipt of a copy of the letter sent you on May 11th by Mr. Gowling with regard to an article which appeared in Women's Wear.

When I saw this article I immediately took it up with Mr. Gowling and asked him to write you. I was very much surprised to see it and given such figures. Of course, I know that it was not you, but somebody has been very foolish.

We had a very nice trip to Ottawa, and I am sure that there will be developments which may help the silk industry. When this happens, which we hope is very soon, I have your letter; it will be always by me.

Yours, etc.,
W. CONNELL."

To Mr. Gowling on May 18th, 1928 --

" I have your letter of May 11th regarding the item in 'Women's Wear' on my form. I thought you were referring to the Canadian Women's Wear, but has a misleading event come from the United States paper.

This information might be in this article and without doubt I am responsible for the publication.

Since it was, very few Canadian women wear used silk for material and not for a prison of fibrous mixture of wool and silk would increase. In addition, the material prices and the price also

"generally I used the figures contained in the clipping. At the time my view was that information on the increase in raw silk prices and such information would give the buyers in Canada something to think about and stimulate business, and I must confess at the time that the point that it might encourage U.S. mills to consider entering Canada was not in my mind as it usually is, when I either write or talk about the silk trade to anyone.

You can rest assured that there will be no further material of this kind made available."

So that the situation is that evidently the figures were not false as you suggested, Mr. Hallam, but they were your own figures? A. I did not say they were false; I said I did not remember the circumstances.

Q. I said evidently one of the objects of your association was to keep people from coming to Canada to engage in the manufacture of silk and you said "on false information"; at any rate, you would not like them to be deceived about coming but evidently the figures were, as Mr. Cowling suggested they were, quite authentic? A. I presume the figures were authentic.

Q. Well, the letters speak for themselves.

A. At this time, these dates, Mr. McRuer, we were at the bottom of the depression in Canada. The bottom of the depression hit Canada about the third or fourth month in 1933. At the same time there was a tremendous amount of machinery in the United States, bankrupt

[illegible] I used the figures exclusively in the
[illegible]. At the time we view the [illegible]
on the increase in the milk prices and [illegible]
media would give the figures in [illegible] something
[illegible] [illegible] [illegible], and I must [illegible]
at the time that the point that it might [illegible]
U.S. while to consider [illegible] [illegible] was in
[illegible] as it usually [illegible] I [illegible] while [illegible]
[illegible] about the [illegible] to support.

You can that assumed that there will be no
further [illegible] of this kind made [illegible].
So that the situation is that evidently the figures
were not false as you suggested, Mr. [illegible], but they
were your own figures? A. I did not say that [illegible]
false; I mean I did not remember the circumstances.

A. I only [illegible] one of the [illegible] of your
[illegible] was to keep people from [illegible], to [illegible]
to [illegible] in the [illegible] of milk and you said
"or false information"; at any rate, you [illegible] not
like them to be [illegible] about [illegible] but [illegible]
the figures were, as Mr. [illegible] [illegible] [illegible],
[illegible] authoritat. A. I produce the figures
[illegible].

A. Well, the letter speaks for themselves.

A. At this time, there [illegible], Mr. [illegible] to [illegible]
the bottom of the [illegible] in [illegible]. [illegible]
[illegible] [illegible] [illegible] [illegible]
[illegible] [illegible]. [illegible] [illegible] [illegible]
[illegible] of [illegible]. At the [illegible], [illegible]

machinery which could be obtained for a song. Promoters were going to small towns in Canada and suggesting that silk mills be put into those towns with the town putting up some money, the local people putting up some money.

Q. That was not new to this period?

A. They came in --

Q. The very gentleman that wrote this letter, Mr. Marx, got $60,000 from the residents of Louiseville in 1929, so you are not telling us anything new when you are talking about promoters going to towns and getting them to put up money.

MR. KELLOCK: Let me finish his explanation.

THE WITNESS: I merely said it became very acute at this period.

BY MR. McRUER: Q. The situation that became acute was that people wanted to come in and get into the manufacturing of silk in Canada if it was a profitable thing to do, and, of course, we have got the records to show us whether it was or not?

A. You will have the records.

Q. We have Mr. Marx' records; they are in now, what his net profit was, so what the people were wanting to do in the States was to come here and manufacture silk? A. Some of them, yes, they were talking about it.

Q. And you were trying to keep them out?

A. I think you will find elsewhere that I stated if any mill that was properly financed on its own money wanted to come in we would welcome it.

[illegible] which could be obtained for a song. [illegible] were going to send them in barrels and [illegible] they milk milk be put into. There's there with the [illegible] making up some cows. The cows really milk? [illegible] some money.

Q. Did you ever go into this business?

A. Yes, sir.

Q. The very questions that worry this letter.

Mr. Hoch, you [illegible] from the [illegible] "[illegible]" in Iowa, so you are not talking as a [illegible] you are talking about producers going to town and getting them to put up money.

Mr. [illegible]: Yes, we [illegible].

[illegible] I [illegible] at the period.

Mr. [illegible]: The situation that [illegible] was that people wanted to come in and get into the manufacturing of milk in order it is [illegible] profitable thing to do, and, of course, we have got the reserve to show us whether it was a [illegible]

A. You will have the reserve.

Q. We have our reserve; that was in [illegible] about his not profit was, so what the people were [illegible] to do in the states was so much more [illegible] feature still? [illegible] Yes, they were [illegible] them.

Q. And you were trying to keep them out?

A. [illegible]

Q. [illegible] wanted to come in to make money [illegible].

Q. That stipulation was not put on Mr. Marx?

A. I had nothing to do with Mr. Marx coming in.

Q. He was the chairman of the Silk Association that was laying down these rules, apparently -- the chairman of the Broad Silk Section, that was laying down the rules of the game, and he had come here with a guarentee of $60,000, and came from the States; Mr. Marx came from the States moreover, too, didn't he?

A. Mr. Marx came from the States.

Q. Yes; here was an American organization getting in and then they want to keep other people out; that was it, wasn't it, and the fact of the matter was whether we are at a depression or not the figures that were given out by you, which we take it were authentic figures, they felt they would encourage other people to come here; that is the short and long of it?

A. I presume that is the purport of those letters.

MR. KELLOCK: It is their own opinion.

MR. McRuer: Well, I think nobody was in a better position to form an opinion than the President of the Silk Association and the Chairman of the Broad Silk Section. Well now, following the survey made by the auditor in the spring of 1933, December, 1932 and January, 1933, you commenced to get a monthly production report from members of your association? A. You say following that time?

Q. Yes? A. I think that report started earlier than that date, Mr. McRuer.

Q. That you had been getting these production

ROBT. SHIOIS
Stenographer
Phone
Testimony - Direct
Cross
Redirect
Recross
Redirect
Recross
Redirect
Rec

reports before you made the survey?

A. I see here back on June 16, 1932, sir --

Q. I think we have a full set of them in. Have we not a full set of the production reports in?

MR. BERRY: I think it is from a certain date, Mr. McRuer, December of 1932, I think.

MR. McRUER: Well, I would like to have it implimented.

THE WITNESS: I think, Mr. McRuer, that report started much earlier than that; I think so.

Q. Alright; then, I have a letter from Mr. Marx to you on August 19th in which he says --

A. Which year, sir?

Q. 1933. "I was speaking to Mr. Binz on the train last night, coming back from New York, and he tells me that the wording of our report on production does not call for Artificial Silk.

I think that this should be changed and that we should get a report calling for both Artificial and All Silk fabrics or get an individual report for Silk and another for Artificial.

Mr. Binz also stated that he had not reported his Artificial Silk, and I am quite sure that he is manufacturing 90% Artificial.

Our production figures are therefore not correct"--

A. Not which?

Q. "Our production figures are therefore not correct. I believe this should be changed and a new report made up. I do not think it necessary to

[illegible]

Q. Are you sure of the survey?

A. I was more than one time in, Jack, but --

Q. I think we have a full set of lines in. Have we not a full set of the property in question?

MR. CLARK: I think it is in from a certain date.

MR. BRIGGS, Member of Jack, I think.

MR. [illegible]: Well, I [illegible] implicated.

THE [illegible]: I think, Mr. Briggs, that repeat another much similar that; I think so.

Q. Alright; then, I have a letter from Mr. [illegible] to you on August 15th in which he says --

A. Which year, sir?

Q. 1925. "I was expecting to [illegible] on the [illegible] last night, coming back from [illegible], and he tells me that the working of our report on artificial silk does not [illegible] artificial silk.

I think that it is [illegible] to [illegible] and we should get a report coming for [illegible] artificial and all silk fibres or get an individual report for silk and another for artificial.

Mr. [illegible] says that he has not [illegible] his artificial silk, and I am quite sure that he is manufacturing not artificial.

Our production figures are therefore not correct"--

[illegible]

Q. "Our production figures are therefore not correct. [illegible] Mr. [illegible] I do not think it necessary to [illegible]

"call a meeting earlier than the one we will have on September 14th, which will be combined with the Golf Tournament, but I think that members should be posted. With kindest regards."

Then, did you follow that up then by getting the production on both? A. May I see that letter a moment to get the exact wording? Some of it was not clear to me. The original report I got out included silk fabrics and artificial silk fabrics and mixtures of silk and artificial silk in one total item. The artificial silk was not reported separately from the silk fabrics. That apparently was satisfactory for some time and then there was some criticism made of it and an attempt was made to have the mills report artificial silk and silk fabrics separately. My memory is I sent out one questionnaire after talking it over with the mills and that they did not send it in and we continued the old report from that time on. I think there was only a partial report made on that and the report to-day is the same as originally, taking in both silk and artificial silk.

Q. At any rate, you replied to this because I see there is a letter from Mr. Cowling, I take it, from Mr. Cowling, the president to you, copy to Mr. Marx, dated August 23, 1938.

" I am in receipt of your letter of August 22nd with reference to production figures on Artificial Silk and seeing that the Silk Manufacturers have now turned to Artificial Silk I think that two separate columns should be shown in the returns;

"So-ll a working partner than the one to will be to
on Sandsbury Lane, which will be consulted with
the only Commonwealth, but I think that members
should be present. With interest regards."

Then, did you allow just my time by getting the
chairman on board? As, may I see that letter
a moment to get the exact wording? Some of it was not
clear to me. The relative merits I got are increased
milk tension and artificial milk tension and mixtures
of milk and artificial milk in one tank item. The
artificial milk was not from the country, upon the
oil. Tension. Not especially the relative is
more like and then there was some misunderstanding of it
and a attempt was made to have the milk report
artificial milk and milk mixture separately. My
memory is I went but one quantitative after talking
it over with the allies and that they did not mean it
and he continued the old report from that time on.
I think there was only a partial report made on milk
and the report terms is the same as originally.
Nothing in both milk and artificial milk.

Q. Is any re-, you replied to this report I
see there is a letter from Mr. Dodson I take it,
from Mr. Collins, the secretary to you, over to Mr.
Burns, Lyral Chamber?, Q.M.

" I am in receipt of your letter of August
with reference to production figures on short
milk, and advise that the Milk Producers Ass
now issued a certificate, and I think that the
secretary Colonel Jones. I am sure in the

"one- All Silk, and the other column to show - Artificial Silk or any production that is not actually silk. I think you should make the return as simple as possible by the two columns."

A. We tried to do that and did not succeed. They did not want to carry it out.

Q. That is the 23rd of August.

A. That is the letter prior, isn't it --

Q. I have a copy of a letter from you; it is a signed copy to Mr. Merx dated the 7th of March, 1934 --

" In checking the monthly figures for production, deliveries and stock for January 1934, we find that there was included in the figures sent by the mills yardage which was sold by one mill to another. As these figures appeared as yardage delivered against orders in the mill selling the goods and as stock on hand in the mill that purchased the goods, the stock figure did not check with the preceding month."

Then you set out some details of that and then you go on to say --

" The purpose of these figures is to show the total stock on hand overhanging the market, what has been produced, and the yardage that has gone out from the mills into the hands of the consumers."

A. Yes, I think there was a duplication; we found a duplication in the report.

Q. It is the last paragraph I am concerned with, and that is the purpose of it? A. That is the correct purpose.

Q. So that the mills may be able to govern themselves accordingly in respect to production? A. You have placed it exactly, sir.

Q. You are continuing this method of reporting and sending out these statements to the mills down to date? A. Correct, sir.

Q. Still going on; does your lordship care to look at the form of the report? It is in exhibit number 436. A. You have not got an extra copy for me to look at?

Q. Which? A. Have you a copy that I could see for a moment? I have forgotten what it looks like.

THE COMMISSIONER: It is a table of production for certain periods.

BY MR. McRUER: Q. This table is what is made up by you for distribution to the mills from the reports that you get monthly from the mills? A. That is correct, sir.

THE COMMISSIONER: It is merely a statement of production, that is all.

MR. McRUER: Yes.

THE WITNESS: These figures, sir, combine silk and artificial silk in the production of these mills.

Q. There is one other letter from this file and I am through with it. This is a letter to Mr. Marx dated the 16th of February, 1933. It reads as follows:

" I just got back from Ottawa last night. There was a strong request put in that umbrella silk, both real and artificial, should be allowed

Q. Did the mills not be able to protect themselves accordingly in respect to production?

A. You have phrased it correctly, sir.

Q. You are considering this method of keep this and putting out these statements to the mills from the mills down to date?

A. Correct, sir.

Q. Will going not close your business to look at the form of the report? It is in evidence as Exhibit 486.

A. You have put not on cells copy for me to look at?

Q. Mellon.

Could see for a moment? I have forgotten what it said.

MAJOR COX:

THE COURT REPORTER: It is a table of production for certain periods.

BY MR. MORROW: Q. This table is what is made up by you for distribution to the mills from the report you get monthly from the office?

A. That is correct, sir.

THE COMMISSIONER: It is merely a summary of production, that is all.

MR. MORROW: Yes.

Q. (Handing Exhibit 486, entitled Milk and Milk Products of Cows Milk, and Total Milk in the production of Cows Milk.)

A. Where is the other letter from Mr. Milk or I am trying with it. This is a letter to Mr. United Dairy Industry, 1928. It seems to that I have not been from [illegible] last [illegible].

Q. Mr. [illegible] and a [illegible] [illegible] [illegible]

"entry into Canada at specially low rates.

Our principal objection to this is that these special items poke holes in our tariffs and that each one granted encourages other strong representations until the protective items are riddled with exceptions.

Before I left Ottawa I was assured that nothing would be done, but of course I cannot guarantee this. However, we have done all that can be done to stop it."

Now, the application there apparently was to have umbrella silk come in at a low rate --

THE COMMISSIONER: What sort of silk?

MR. McRUER: Umbrella silk, that is, for the manufacturer of umbrellas.

THE COMMISSIONER: Come in at a lower rate; who was making the application?

BY MR. McRUER: Q. Can you tell us that?

A. I presume the users of umbrella silk.

Q. That is, the manufacturers of umbrellas?

A. I notice here, sir, in the Customs Tariff and Amendments with index to August 21, 1936 that under item 802, section "b" it says: "Umbrella-covering fabrics of a kind not made in Canada, whether or not specially treated but not further manufactured than with hemmed selvedges, when imported in lengths of not less than ten yards each, with or without natural selvedges, British preferential free, intermediate tariff 10%, general tariff 20% and under the Canada, France trade agreement intermediate less 10%." That is, 10% off

"Which first reason is quantity," he wrote.

The practical operation is this: by this means

roughly five to ten miles in one matter or two

each one treated somewhere other where necessary

items until the principal items are finished with

[illegible].

Before I left office I had planned that this

would be done, but of course I cannot guarantee

this. However, as here now all that one is done

to stop it."

Mr. Gill explained there presently was to have

unfolding with some [illegible] --

THE CHAIRMAN: What sort of size?

Mr. [illegible]: Generally [illegible], [illegible], for the

manufacture of umbrellas.

THE CHAIRMAN: Come in at a lower price; who

was making the application?

Mr. [illegible]: Gill [illegible] tell us that?

A. I presume the users of umbrella silk.

Q. Just so, the manufacturers of umbrellas?

A. I believe here, sir, in the Customs Tariff and [illegible]

words with index to [illegible], like that under item [illegible]

section "B" in page: "Umbrella-covering fabrics of a

kind not made in Canada, whether or not specially

[illegible] with

[illegible] [illegible] [illegible]

[illegible], when imported in lengths of not less than

[illegible] yards, with or without natural [illegible],

[illegible] [illegible] [illegible], intermediate tariff 12%.

[illegible] [illegible] [illegible] [illegible] [illegible]

[illegible] [illegible] [illegible] [illegible] [illegible]

the intermediate. In other words, it was made a free item.

Q. Then, getting to your position as to what you were asking in respect to it in February before that action was taken I notice you say in your letter that you have done all you can to stop it but you might not be able to do it. What you say in your letter is -- "I have just got back from Ottawa last night. There was a strong request put in that umbrella silk, both real and artificial, should be allowed entry into Canada at specially low rates. Our principal objection to this is that these special items poke holes in our tariffs". A. That is correct.

Q. "And that each one granted encourages other strong representations until the protective items are riddled with exceptions". A. I think that is a correct statement; that is what does happen.

Q. I presume it is or you would not have made it but I want to get at the principle of it. Umbrella silk was not silk that was made in Canada?

A. I think there were -- there were certain classes of umbrella silk made in Canada and certain classes that were not made in Canada.

Q. The ones that were provided for entry free were those that were not made in Canada?

A. Thatis correct, and that is what we want in the end.

Q. So that you got your own way eventually?

A. No, I would say as long as it was made in Canada --

the interchange. In other words, it was made a [illegible]

Q. Then, getting to [illegible] question in [illegible] upon I notice you say in your letter that you have done all you can to stop it but you might not be able to do it. What you say in your letter is -- "I have just got back from Ottawa last night. There was a strong request put in that margarine milk, both real and artificial, should be allowed entry into Canada at specially low rates. Our principal objection to this is that these special items pole bad in our tariff".

A. That is correct.

Q. Was that each one proposed amendment which strong representations until the protective items are tinkered with accordingly".

A. I think that is a correct statement; that is what does happen.

Q. I presume it is or you would not have made but I want to get at the principle of it. Margarine milk was not milk that was made in Canada?

A. I think there were -- there were certain classes of margarine milk made in Canada and certain classes that came and were in Canada.

Q. The ones that were provided for entry free were those that were not made in Canada?

A. That is correct, and that is what we meant in the end.

Q. So that you not your can say overwhelmingly

A. No, I would say as long as it was made in Canada

BY THE COMMISSIONER: Q. Let me understand it; you read a certain article of the Customs Tariff. Was your association opposed to the enactment of that article? A. Not to that item.

Q. It is quite clear that the poking holes in the tariff did not refer to this; what is it you were opposing? A. We were opposing all umbrella silks made free.

Q. Including -- A. Including a class or kind made in Canada.

BY MR. McRUER: Q. And the ground on which you are opposing it is what I want to take up with you, and that is that your principal objection to this is that these special items poke holes in our tariffs. Now, it was not that the granting of it, of that particular item, would not be just quite the fair thing to the manufacturers of umbrellas but you were afraid it was going to poke a hole in it, and then that would lead to something else that would affect you, or your organization; that is it, wasn't it? A. I don't think that is quite a fair statement.

Q. Just look at the letter and let me know what the principle was on which you based your objection. It was on account of poking holes, apparently? A. Yes, I would have objected strongly to having the item go through as originally suggested.

Q. On the ground it was poking holes in the tariff? A. Yes, because we were making umbrella silk in Canada.

BY THE CHAIRMAN: Q. Just as understand it; you read a certain article of the Universe Tribune as your contribution appeared in the evening of the 27th July? A. Yes to that item.

Q. It is quite clear that the public below is the party right under to take; what is it you are responsible? A. In the case referring of Liberal, which was Tory.

Q. Indeed -- A. Indicating a clause it said made in Canada.

BY MR. MORLEY: Q. And the ground or which you are appealing it is that I want to take a stand, and that is that your political objection to this is that there special items which are in our tariff. A. It was not as that the granting of it, or that particular item, would not be just quite the fair thing to the manufacturers of Canada but you were afraid it was going to make a hole in it, and then that would lead to something else that would cause you. If your question; that is it, wasn't it? A. I think that is quite a fair statement.

Q. Don't look at the matter not just as to how about the principle has on which your party objection.

A. Yes, I would have objected strongly to putting the item in as through as artificially supported.

Q. Do this thought it was making value in the tariff? A. Yes, because of some months

Q. Will it [illegible]

Q. Yes, but it was not that if it was granted it would encourage these manufacturers of umbrellas, that it was going to make any difference to the business of your companies; that isn't the ground on which you are putting it forth? A. I think the background of that, Mr. McRuer, is that there isn't a tremendous market for umbrella silks. I mean, the bulk is not tremendous.

Q. But there evidently was a strong request put in for it so there evidently was enough -- it was important enough that there was a strong case put forward?

BY THE COMMISSIONER: Q. Do I understand this that the umbrella manufacturers did put forward a case to have silk for umbrellas even if made in Canada put on the free list and that your association opposed that? A. That is correct.

Q. You opposed it successfully? A. Of the class or kind made in Canada.

Q. That is what we are talking about?
A. Yes, of the class or kind made in Canada, we opposed it successfully.

BY MR. McRUER: Q. I would not take it, my lord, that they are even going the length of putting it on the free list. They said it should be allowed entry into Canada at specially low rates? A. Yes, I have forgotten what the details were of the request.

THE COMMISSIONER: Are you through with that particular file now, Mr. McRuer?

MR. McRUER: Yes, my lord.

Q. Yes, but it can not that if it was granted it would encourage these manufacturers of margarine, but then it was going to make any difference to the business of your company, that isn't the ground on which you are putting it forward? A. I think the background of that, Q. However, is that there isn't a tremendous market for unfortifiied milk. I mean, the bulk is not tremendous.

Q. But there evidently was a strong treasury put in for it so there evidently was enough -- it was important enough that there was a strong case put forward?

BY THE CHAIRMAN: Q. Do I understand this that the margarine manufacturers did not further a case to have milk for margarine even if milk in Canada put on the free list and that your association opposed that? A. That is correct.

Q. You opposed it successfully? A. Of the close of milk made in Canada.

Q. That is what we are talking about?

A. Yes, of the close of milk made in Canada, we opposed it successfully.

BY MR. MORAN: Q. I would not know it, my lord, that they are even going the length of putting it on the free list. They said it should be allowed entry into Canada at especially low tariff? A. Yes, I have forgotten what the results were of the request.

THE CHAIRMAN: Are you through with that particular file now, Mr. McKay?

Mr. McKay: Yes, my lord.

THE COMMISSIONER: Then, we will take a few minutes.

-- The Commission adjourned for a short recess.

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(Page 8225 follows)

-- On resuming

Q. There is another reference to the Minute book, Mr. Hallam, and we complete this subjectmatter. Apparently a meeting on June 1st, 1933. This is a meeting of the broad silk section at Mr.Hallam's office and the Minute reads: "The question of aritificial silk yarns producers selling thrown yarn was discussed. A warning was issued on the dangers of making for stock." That is how the Minute reads. That would be a warning that there was too much goods on hand? A. I would say, if you can give me the Production Reports of that date, I could probably tell you what that was. I think what probably happened there, I probably pointed out the danger of making other stock at this time because of the production - in other words, interpreting the figures.

Q. That is how the thing worked - production report was published and sent out to the mills and then there was a meeting and you interpreted the figures to the meeting there? A. Yes.

Q. And if they followed your advice that kept the price up? A. Well, it would keep the stock down.

Q. Well, keeping the stock down kept the price up, that is providing --- A. I should say it would prevent ruinous prices, yes.

Q. Well, call them ruinous or anything else. I find an interesting memo in your file, Mr. Hallam, It is headed, "Notes" and dated April 30th, 1929.

Q. There is another reference in the minute book, Mr. Mullen, and we mention this as pertinent. Apparently a meeting on June 1st, 1950. This is a meeting of the board talk session at Mr. Mullen's office and the minute reads: "The question of artificial silk yarns producers selling their yarn was discussed. A warning was issued on the danger of making for stock." That is now the minute book. That would be a warning that there was too much goods on hand? A. I would say, if you can give me the Production Records of that date, I could probably tell you what that was. I think what probably happened there, I probably pointed out the danger of making other stock at this time because of the production - in other words, interpreting the figures.

Q. That is how the thing worked - production report was published and sent out to the mills and then there was a meeting and you interpreted the figures to the meeting there? A. Yes.

Q. and if they followed your advice that kept the price up? A. Well, it would keep the stock down.

Q. Well, keeping the stock down kept the price up. MR. MULLEN: Q. I should say it would prevent ruinous prices, yes.

Q. Well, well then ruinous or anything else. I find an letter which reads in part (Q. Mullen, to Mr. Cassidy, "Sales and Price Advisory Comm., Lady.

This would be from the Woollen files, would it not, Mr. Walton?

MR. WALTON: Yes.

MR. McRUER: Q. Could you tell me for what purposes this was prepared? A. Yes, I could tell you. Is it 1929?

Q. Yes? A. Could I have the Minute Book, annual meeting of 1929?

Q. Is it a sort of annual report? A. No, I think it was Mr. Whitehead that was coming up from the United States to address the meeting and he asked me to send him down some information, which I sent him down. Was it 1929? The meeting was adjourned for luncheon to hear Mr. A.Whiteside, President of the Woollen Institute of New York State.

Q. That is May 1st, and your memo is dated April 30th. There is just one section I wanted to discuss with you and that is the one headed, "Combines Investigation Act, etc."

"There is no law in Canada which makes it illegal for manufacturers or others engaged in commerce to combine through financial amalgamation, or to combine through agreements to sell at fixed prices, or to combine to sell only at fixed re-sale prices.

It is not politic, however, to publicly advocate agreements by manufacturers, not financially amalgamated, on minimum prices

This would be from the Woolen files, would it not, Mr. Walton?

Mr. WALTON: Yes.

Mr. MOUNTAIN: Q. Could you tell me for what purposes this was prepared? A. Yes, I could tell you. Is it long?

A. Yes? A. Could I have the minutes, annual meeting of 1929?

Q. Is it a sort of annual report? A. No, I think it was Mr. Whitehead that was coming up from the United States to address the meeting and he asked me to send him down some information, which I sent him down. Was it 1929? The meeting was adjourned for business on June 20. Chairman, President of the Woolen Institute of New York State.

Q. That is May 1st, and your memo is dated April 20th. There is just one section I wanted to discuss with you and that is the one headed, "Combines Investigation Act, etc."

"There is no law in Canada which makes it illegal for manufacturers or others engaged in commerce to combine through financial amalgamation, or to combine through agreements to sell at fixed prices, or to combine to sell only at fixed price-list prices.

It is not polite, however, to publicly advertise agreements by manufacturers, or financially amalgamated, or between persons

for their products, There is no objection, however, to advocate the exchange of cost information and figures of production, sales and stocks on hand, combined market surveys, etc."

Why is it that you say, "It is not politic,however, to publicly advocate agreements by manufacturers,"? A. He was asking me of the situation. He asked me to give a report on that.

Q. I am not asking what he was saying. I am asking why you say it is not politic to publicly advocate agreements by manufacturers be maintained? A. Because there are a number of people who do not think it is sound and they consequently criticize.

Q. All right to do it but not to publicly advocate it - do it secretly, is that the idea? A. No, I would not say that.

Q. "The laws in Canada in relation to combines are two.

In 1923 the Combines Investigation Act was passed by the Federal Parliament. This provides that action may be taken against a combine in restraint of trade provided it is proved that the public are injured by such a combine. The onus of proof is on the people complaining. Price fixing would come under this, providing it could be shown that such prices fixing was unduly enhancing prices to the public, and that

for their products. There is no objection, however, to advocate the exchange of cost information and figures of production, sales and stocks on hand, combined market surveys, etc."

Why is it that you say, "It is not public, however, to publicly advocate agreements by manufacturers, it". He was asking me of the situation. He asked me to give a report on that.

Q. I am not asking what he was saying. I am asking why you say it is not public to publicly advocate agreements by manufacturers be maintained?

A. Because there are a number of people who do not think it is sound and they consequently criticize.

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A. No, I would not say that.

Q. "The laws in Canada in relation to combines are:

In 1923 the Combines Investigation Act was passed by the Federal Parliament. This provides that action may be taken against a combine in restraint of trade (reading it to witness) that the public are injured by such a combine. The onus of proof is on the people complaining. Price fixing would come under this, providing it restricts some fair and reasonable profit and unfairly exploits prices to the public, and that

the public were injured thereby. Since the passing of the Act about 150 complaints have been laid, but only three have passed the registrar who makes the preliminary examination. In the three cases which got beyond the registrar no findings against the people complained against were made."

I doubt if that is an accurate statement? A. How far back is that?

Q. This is dated 1929? A. He asked me to look into that and I did.

"The law is held to be unconstitutional and at the present time the Government of the Province of Ontario and the Proprietory Articles Trade Association are attacking its legality.

Conspiracy in restraint of trade may come under Section 498 of the Criminal Code, but here again proof must be supplied by the complainant that the public are damnified. The legality of this law is also being attacked.

Example of a Combine in Canada; The Wheat Pool is probably the largest combine in Canada. It is operated by private interests. Wheat farmers obligate themselves to send all their wheat to the pool, which holds and sells the wheat as they consider market conditions favourable."

Now, why were you giving this gentleman who was going to address your Association information on the

the public were injured thereby, since the passing of the act about 100 complaints have been laid, but only three have passed the [illegible]. In the three cases which got beyond the [illegible] no findings against the people complained against were made."

I doubt if that is an accurate statement?

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Example of a Combine in Canada: The Wheat Pool is probably the largest combine in Canada. It is operated by private interests. Wheat Farmers oblige themselves to send all their wheat to the pool, which holds and sells the wheat as they [illegible].

[illegible] no [illegible] on the [illegible] on information on the

Combines Act of Canada? A. Is it Whitehead or Whitesides?

Q. Whitesides? A. Mr. Whitesides, if I remember correctly, was the head of Dun's in the United States. He took over the presidency of the Wool Institute of America. Is that the correct name? He was obtaining reports of the operations of all the woollen mills in the United States. I went down to New York to see him--they were discussing prices there and had very elaborate reports and he wanted to know what the laws were in Canada, and I think I saw a solicitor on the matter and wrote him accordingly.

Q. Of course, you were writing him a lot more? A. You are asking me the one point here.

Q. In this memo. you are giving him duties of the members of the Association, how the organization was set up and how the finances were run and staff in the organization and you are telling him about the method of selling in Canada and the number of cloth mills and looms in Canada, &c., and then you finally end up by telling how ineffective the "Combines Investigation Act was.

MR. KELLOCK: You asked him why he added that part.

MR. McRUER: I asked him for all this information.

MR. KELLOCK; That is not your question.

MR. McRUER: Why wereyou giving him all this information?

I remember correctly, was the head of that in the United States. He took over the Presidency of the Wool Institute of America. He sent the general manager was obtaining reports of the operations of all the woolen mills in the United States. I went down to New York to see him--they were discussing policies there and had very elaborate reports and he wanted to know what the loss were in Canada, and I think I saw a bulletin on the matter and wrote him accordingly.

Q. Of course, you were writing him a lot more.

A. You are making me the one point here.

Q. In this memo. you are giving him duties of the managers of the Association, how the organization was set up and how the finances were run and staff in the organization and you are telling him about the method of selling in Canada and the number of cloth mills and looms in Canada, &c., and then you finally end up by telling how ineffective the "Combines Investigation Act was.

MR. MCLOCK: You asked him why he wrote that part.

A. MCKEEN: I asked him for all this information.

MR. COLLARD: That is not your question.

information about your organization? A. Because he asked for it.

Q. And then he came to address you?

A. I think I have a copy of his address here, if you want it.

EXHIBIT 593: Memo prepared by Mr. Hallam dated April 30, 1929, about Combines Investigation Act and other things.

MR. KELLOCK: I do not suppose it is important, my lord - insofar as Mr. Hallam did receive any part of that memo from his solicitor it is privileged.

THE COMMISSIONER: He gave it to this man in the United States and I do not see why we should not have it. There is no privilege now at all.

MR. McRUER: Q. There is some correspondence more or less of a miscellaneous character in which there is some indication of the operations of your organization that I want to take up with you now. I have given my friends a list of it. I presume that you took something of an active part in the negotiations that took place in August, 1930, between the members of the Textile Industry and the Government in determining on what tariff would be brought into effect at the emergency session of Parliament of September 1930? A. Yes, I took part in that.

Q. You took an active part? A. Yes, I took an active part.

Q. And is it not a fact that undertakings

information about your organization? A. Because he asked for it.

Q. And then he came to address you?

A. I think I have a copy of his address here, if you want it.

EXHIBIT 888: Memo prepared by Mr. Mallam dated April 28, 1938, about Communist Investigation and other things.

MR. KELLOCK: I do not supposed it is important, my lord - insofar as Mr. Mallam did receive any part of that memo from his solicitor it is privileged.

THE COMMISSIONER: He gave it to this man in the United States and I do not see why we should not have it. There is no privilege now at all.

MR. MCTAGGART: Q. There is some correspondence more or less of a miscellaneous character in which there is some indication of the operations of your organization that I want to take up with you now. I have given my friends a list of it. I presume that you took something of an active part in the negotiations that took place in August, 1938, between the members of the Textile Industry and the Government in determining on what tariff would be brought into effect at the emergency session of Parliament of September 1938? A. Yes, I took part in that.

Q. You took an active part? A. Yes, I took an active part.

were given by a large number of firms that they would not increase their prices by reason of the tariffs that were given to them? A. That is correct.

Q. What do you think, Mr. Hallam, of organizing under such tariffs to keep the prices up, organizing in your organization to have a control of production? and sending out bulletins about prices, &c. in face of an undertaking given to the Government that they would not increase the prices? A. Were the prices increased?

Q. Oh, I see the point that you industry interpreted it that they might maintain them at any height they like? A. I do not think that is a correct statement. I think you will find the fact is that prices were substantially reduced all along.

Q. Yes, but the undertaking surely meant that they would not take advantage of the tariff in order to maintain prices, that they would not compete with one another? A. That is correct.

Q. And then you set to work with a multitude of organizations to destroy competition? A. I don't think so. I don't think we destroy competition at all.

Q. You admitted that yesterday? A. I do not think so.

Q. You admitted you were trying to set prices ? A. No.

Q. You were trying to get them to follow certain

were given by a large number of firms that they would not increase their prices by reason of the tariffs that were given to them? ... That is correct.

Q. Well do you think, Mr. Hellyer, of expending under such tariffs to keep the prices up, or would it be your consideration to have a control of prices, and not leaving out protection about prices, so that in lieu of an undertaking given to the government that they would not increase the tariff ... Have the prices increased?

Q. Yes, I see the point. Interpreted it this way: Right materials at any rights they filter? ... I do not think that is a correct statement. I think you will find that in most cases were substantially reduced all

Q. Yes, but the undertaking merely meant that they would not use reductions of the tariff to cause an unfair profit, but if they would not compete with one another? A. That is correct.

Q. Did then you but to look after conditions of organizations to develop competition? ... I don't think so. I don't think we developed competition at all.

Q. You monitored that your tariff? ... I do not think so.

Q. [illegible]

A. No.

price standards? A. I gave them price standards.

Q. And you were trying to get them to follow them? A. I thought they would be extremely wise to follow them.

Q. Do not you think that was a direct violation of the understanding given to the Government? A. I don't think so.

Q. I show you a letter from Carl Stohn of Canada, Limited, to you, dated August 4th, 1930.

THE COMMISSIONER: Are you putting it in?

MR. McRUER: Yes, I think so.

EXHIBIT 594: Copy of letter from Carl Stohn of Canada Limited to Mr. Hallam, dated August 4, 1930.

BY THE COMMISSIONER: Q. Who are Carl Stohn? A. They are manufacturers of fabric in Granby, Quebec.

Q. Silks? A. I think they make artificial silk and cotton fabrics.

BY MR. McRUER: Q. They are members of your Silk Association? A. Yes.

Q. This paragraph reads as follows:

"We would be in favour of having the tariff on woven novelty materials increased in such an extent that regardless of the low prices being quoted by U.S. firms, it would not be advantageous for Canadian firms to purchase their materials. Should we be favoured with a tariff sufficiently high to obstruct

importations of this nature from the United States, we in turn would willingly lower our prices to the Canadian consumer rather than take advantage of the added duty. We feel that we would be justified in making such a demand of the Tariff Department, as our line is very comprehensive and is adapted to meet the demands of the retail stores and interior decorators. For information re our merchandise, we would refer youto the Drapery Department of the Robert Simpson Company, of Toronto, and the T.Eaton Company Toronto, as well."

They joined your Silk Association and they gave you production reports? A. I do not think they gave us production reports.

Q. Was Carl Stohn not following the course with the rest of them? A. I would like to check my memory on that because there is a great deal of detail. You might just check whether it is on that list or not. I have just looked at the record, Carl Stohn don't give their production because it is not on all fours with the other mills. They make novelty fabrics, they do not make broad silks. Might I just have the first part of this letter, I think it explains Mr.Carl Stohn's statements in the second part. Mr. Carl Stohn is complaining of dumping from the United States.

BY THE COMMISSIONER: Q. You say Mr. Carl Stohn?

stance, we in turn would similarly lower our prices to the American consumer rather than take advantage of the added duty. We feel that we could be justified in making such a demand of the Tariff Department, as our line is very comprehensive and is adapted to meet the demands of the retail stores and interior department. For information re our memorandum, we would refer you to the Drapery Department of Woodward Stanton Company, of Toronto, and the J.Newton Company Toronto, as well.

They joined your Silk Association and they gave you production reports? A. I do not think they gave us production reports.

Q. The Carl Storm not following the course with the rest of them? A. I would like to check my memory on that because there is a great deal of detail. You might just check whether it is on that list or not. I have just looked at the record. Carl Storm don't give their production because it is not on all fours with the other mills. They make novelty fabrics, they do not make broad silks. Might I just have the first part of this letter. I think it explains exactly what I mean in the second part. Mr. Carl Storm is complaining of singling from the Tariff Commission.

Q. Mr. Carl Storm, do you not [illegible]

A. It is Mr. Carl Stohn himself. The name of the firm is Carl Stohn of Canada, Limited, and Mr. Carl Stohn who is in Canada is complaining that the fabrics such as he makes are being dumped from the United States and he gives a case.

Q. He says they are being dumped? A. He says "This is a clear case of dumping U.S. Merchandise into Canada."

Q. What is the case - I mean, what is there to show dumping, what constitutes the dumping?

A. He says: "I have recently had occasion to take up a matter with the Department of Customs and Excise, in Ottawa, with reference to dumping of merchandise in Canada from the United States. The case I had reference to was the matter of a drapery fabric which was imported by retail store in Hamilton from Marshall Field & Company, of Chicago.

The fabric was a rayon warp drapery material with a special high-grade novelty yarn in the filling. The fabric was sold to the Hamilton firm at 80½ cents per yard, 50 inches in width, and they were advised in a letter a short time thereafter that the present price would now be 97½ cents.

The cost of the warp alone in the fabric was 80½ cents, and the filling, which was of a specially spun nature, was certainly worth as much, if not more than the warp. We have priced this fabric in the Marshall Field New York office, and were

quoted $2.25 per yard.

This is a cle r case of dumping U.S. merchandise into Canada. It is our understanding that the Department have done nothing to penalize the Marshall Field Company, but have made the Hamilton concern pay duty on the value of $2.00 per yard. The duty, figured at 35% on $2.00 is but 70 cents, which, added to the initial cost, makes a total of $1.57, which is still far less than the price of the fabric in the United States. We have seen similar instances of this same thing happen with other exporters, but had not been able to obtain a clear case against them. It cannot be hoped that we can compete against such unfair competition, as you will undoubtedly agree. And that is the reason why I presume, they want a tariff that will keep this stuff out of the country, cover this dumping.

BY MR. McRUER: Q. What they wanted was to keep it out altogether? A. It looks like that from the letter, sir.

Q. Not to equalize the cost but to keep it out and leave the market for them? A. I would have to re-read it but it looks like that from the letter.

Q. I show you another letter from the Carl Stohn Company to the Silk Association enclosing a petition opposing a reduction in tariff and, I take it on some articles that were used by them in manufacturing.

Q. This is a letter dated December 12, 1930 from Carl Stohn of Canada, Limited, to myself.

EXHIBIT 595: Letter dated December 12, 1930, from Carl Stohn of Canada, Limited, to Major Hallam, with petition attached, dated November 30, 1930.

Q. The letter says:

"Dear Mr. Hallam:

" I am enclosing copy of our petition "which you requested. I would appreciate "very much your keeping this entirely confi- "dential as far as our operation is "concerned.

Q. This is a petition in opposition to an increase in duty on certain yarns that were used by them for the manufacture of their goods? A. Frankly, I have not read it recently and I have no memory of what it contained. I do not think Carl Stohn of Canada was a member of our Association at the time. I think I asked them to send me a copy.

BY THE COMMISSIONER: Q. Who does he refer to as "our Petition"? A. I have not read this, I dont know what it says.

BY MR. McRUER: Q. You see the first paragraph of the Petition is this:

"Petition made by Carl Stohn of Canada, Limited, "of Granby, Quebec, November 20, 1930, in "opposition to petition by cotton yarn manu- "facturers asking for the imposition of a duty "on yarns - 40/2 count and finer."

BY THE COMMISSIONER: Q. These yarns were his

A. This is a letter dated December 12, 1920 from the Grand Storm of Canada, Limited, to myself.

EXHIBIT 848: Letter dated December 12, 1920, from Great Storm of Canada, Limited, to Mr. Nielsen, with petition attached, dated November 20, 1920.

5

A. The letter says:

"Dear Sir, Nielsen:

" I am enclosing copy of our petition "which you requested. I would appreciate "very much your keeping this entirely confi- "dential as far as our opposition is "concerned.

10

A. This is a petition in opposition to an increase in duty on certain yarns that were used by them for [illegible]. I have not read it recently and I have no memory of what it contained. I do not think Great Storm of Canada was a member of our Association at the time. I think I asked them to send me a copy.

BY THE COMMISSIONER: Q. Who does he refer to as "our industry"? A. I have not read it.

15

BY MR. MONDET: Q. You are the first witness.

20

Q. The petition is this:

"Petition made by Great Storm of Canada, Limited, "of Toronto, Ontario, to Hon. W. L. Mackenzie King, in "Parliament assembled, respectfully sheweth:

"Petitioners seeking for the imposition of a duty "on yarns - [illegible] and flax.

25

BY THE COMMISSIONER: Q. Those yarns were big

raw material? A. These yarns, I take it, were his raw material or part of his raw material.

Q. And the Canadian manufacturers of the same raw material wanted a duty? A. Yes, wanted a duty.

BY MR. McRUER: Q. And he sets out in this Petition the reason for his opposition. I do not intend to go into the details of it at the moment? A. Yes. I was in no way connected at that time with the cotton industry and I do not think they were members of our association but as a matter of general industry I think I wrote and asked for a copy of their Petition.

BY THE COMMISSIONER: Q. Had you anything to do with their case? A. No, but I am interested in all these things that happen. I do not really remember this document at all.

BY MR. McRUER: Q. The letters in reference to the action that was taken by Courtaulds after the increases in tariff--first is a letter dated December 23, 1930, a letter from the Atlantic Underwear, Limited, to Mr. Hallam? A. Yes, I remember that letter.

EXHIBIT 596: Letter dated December 23, 1930, from Atlantic Underwear, Limited, to Mr. Hallam.

" We have been advised by Courtaulds Co. of Toronto "that there has been an advance of 5¢ per lb on "their yarns as of Dec. 1st. They are also ap- "parently cutting out their 2nd quality of yarn "which they used in beating competition from abroad."

raw material? A. These prices, I take it, were his raw material or part of his raw material.

Q. And the operation manufacture of the raw material worked a profit? A. Yes, worked a profit.

BY MR. MOTLEY: Q. And he sets out in this petition the reason for his association. I do not intend to go into the details of it at the moment?

A. Yes. I was in no way connected at that time with the outside industry and I do not think they were members of our association but as a matter of general industry I think I wrote and asked for a copy of their petition.

BY THE COMMISSIONER: Q. Was you anything to do with their case? A. No, but I am interested in all these things that happen. I do not really remember this document at all.

BY MR. MOTLEY: Q. The letter in reference to the action that was taken by Courtaulds after the increases in tariff--first in a letter dated December 21, 1920, a letter from Mr Atherton Martin, Limited, to Mr. Hilary? A. Yes, I remember that letter.

MARKED EXH: Letter dated December 21, 1920, from Martin to Hilary, marked, C Mr. Motley.

" It has been revised by Courtaulds Co. of Toronto, "that there has been an advance of 8% put on "Finest grade of Tow. Yarn. Only and also of "Finest Quality of Tow. for weaving of Jute

A. No, "in meeting competition".

Q. It is "beating" here? A. It is "meeting competition" in the original.

Q. "This we understand was really 1st quality, "but sold at a lower price as 2nd to meet "competition. This means that Courtaulds "have advanced price 6½¢.

" I wish that you would make some inquir-"ies around the other mills who are buying "Rayon to see if this advance has been ap-"plied all around, and if the other mills are "satisfied to have this done. We certainly "are not satisfied over it and propose to have "it carried ~~forward~~ further, if necessary mak-"ing a complaint to the Government. If this "company is going to shelter themselves behind "the tariff, the onus of advanced prices is "going to fall on the manufacturers, which "is not fair, as Courtaulds are the only firm "in Canada making voscose Rayon Yarns. They "can, of course, keep on advancing price up "to the limit of the duty unless some protest "is made by the consumers.

" Please let me hear from you as soon as "possible in regard to this matter, as we "certainly do not intend to let it rest where "it is."

Is there a reply? A. I have a reply here. My reply of December 29, 1930.

MR. McRUER: We will have it attached to the same Exhibit No. 596.

"Is meeting competition".

It is "begging" never! It is "meeting competition" in the original.

"This we understand was really but quality, "but said at a lower price as and to meet "competition. This means that our trade "has already been so.

"I wish that you would make some inquiry "and around the other mills who are buying "yarn to see if this advance has been ex- "plained all around, and if the other mills are "satisfied to have this done. We certainly "are not satisfied over it and propose to bring "it carried forward further, if necessary ob- "ling a complaint to the government. We say "economy is going to shelter themselves behind "this tariff, the case of advanced prices in "order to fill on the manufacturers, which "is not just, as Dominion's are the only ones "in Canada using foreign cotton.

"We, of course, keep on advancing prices up "to the limit of the duty unless some protect "is made by the government.

"Please let me hear from you as soon as "possible in regard to this matter, as we "certainly do not intend to let it pass where "it is."

Yours truly,

[illegible]

P.S. Question: We will have to [illegible]

" We have heard considerable comment on Court-
"aulds' prices, some of it favourable and some
"unfavourable. There are a good many mills
"that are of the opinion that price stabalization
"at the new prices will be in the interests of the
"trade as a whole, because under the old conditions
inferior imported yarns were competing with the
"better class article, and the public, not knowing
"anything about quality, were buying only on
"price. Under the present conditions they seem
"to believe much of this unfair competition will
"end. Whether they are correct or not I do not
"know. Outside of one other hosiery mill no
"suggestions have been made about taking up
"the question with the government.

" In regard to second quality yarns, my infor-
"mation on the matter is that in the ordinary
"course of production Courtaulds make 70% firsts,
"20% seconds, and 10% inferior. Under con-
"ditions in the past they had to stock considerable
"of the second grade that was made and so were able
"to deliver from stock. Owing to the demand
"now they have none in stock."

That is, demand for the seconds as soon as they raised the price? A. I am not sure how that should be.

Q. "Owing to the demand now they have none in
"stock and can only supply as made, and have
"adopted the policy of supplying, where asked,
"one case of seconds to two cases of firsts.

"This applies where mills purchase skeins of 8000 yards.

Where mills require skeins of 4000 yards they are supplying a special quality at a price between their first and second quality prices.

I would suggest that you take up the question of supply direct with Courtaulds, for I have found, where some of the mills expressed dissatisfaction regarding supply, Courtaulds were able to satisfy them when the matter was discussed direct."

Now, what had happened---

MR. KELLOCK: Courtaulds were able to satisfy them when the matter was discussed direct.

MR. McRUER: Well, we will be able to find out about that.

Q. What had happened was this that additional tariff was put on rayon viscose yarn in September, 1930? A. That is correct.

Q. And then in November Courtaulds raised their prices in Canada.

THE COMMISSIONER: Pardon me, you say the duty was put on when?

MR. McRUER: In September, 1930. In emergency session the duty was raised---

THE WITNESS: And did not become effective on orders in hand until the end of November.

Q. Quite right, on orders on hand until the end

"This applies where milk purchase amount of 6000 yards.

Where milk require amount of 4000 yards they are applying a special quality at a price between Mary Ilson and [illegible] price.

I would suggest that you take up the question of supply direct with Controller, for I have found, where some of the milk expressed dissatisfaction regarding supply, Controller were able to satisfy them when the matter was discussed direct.

Now, what had happened---

[illegible] Controller was able to satisfy them when the matter was discussed direct.

MR. McCUSH: Well, we will be able to find out about that.

. What had happened was this that additional [illegible] in every [illegible] year in December, 1930?

A. That is correct.

Q. And then in November Controller raised their prices in Canada.

THE CHAIRMAN: Pardon me, you say the duty was put on when?

MR. McCUSH: In September, 1930. In consequence the duty was raised---

MR. [illegible]: And did not become effective on [illegible] and [illegible]

[illegible]

of November. Courtaulds raised its price in Canada and at the same time the same company reduced its prices in Great Britain and the United States?

A. I am not sure about the United States, in Great Britain - that is from memory.

Q. There is correspondence in already and Mr. McDougall told us and gave us the prices in Montreal?

A. May I ask one question? Has Courtaulds a company in the States?

Q. Oh, yes. Well, the price came down in the United States? A. In the states the price was down.

Q. The price on rayon yarn came down in the States? A. That is correct.

Q. So that these manufacturers were just caught in a vice - the tariff kept them from importing from these other countries where prices were cheaper and they had to pay increased prices of Courtaulds?

A. Courtaulds were asking increased price.

Q. And that was the subject of this complaint?

A. Yes.

THE COMMISSIONER: What is the date of Mr. Hallam's letter?

MR. McRuer: 29th December, 1930.

THE COMMISSIONER: That and the one to which it is a reply will be Exhibit 596.

EXHIBIT 596: Letter from Atlantic Underwear to Mr. Hallam, dated December 23, 1930, and copy of letter from Mr. Hallam to Atlantic Underwear

Q. Courtaulds reduced its sales in Canada at the same time the same company reduced its prices in Great Britain and the United Kingdom?

A. I am not sure about the United Kingdom, in Great Britain - that is from memory.

Q. There is correspondence in evidence and Mr. McDougall tell us and gave us the prices in Canada?

A. May I ask one question? Was Courtaulds a company in the lawsuit?

Q. Yes. Well, the price came down in the United Kingdom? A. In the United the price was down.

Q. The price on rayon yarn came down in the United? A. That is correct.

Q. Do you remember when you sought in 1 vice - the tariff kept them from importing from these other countries where prices were cheaper and they had to pay increased prices of Courtaulds?

A. Courtaulds were making increased prices.

Q. And that was the subject of this correspondence?

A. Yes.

THE COMMISSIONER: What is the date of the letter's letter?

Q. Exhibit 1119 (Continued), sir.

THE COMMISSIONER: Then we can be at ease.

It is a well and healthy one.

MR. [illegible]: Letter from [illegible] to Mr. McCullum, Second Company [illegible]

MR. McRUER: Q. Now, on the same subject matter we have a letter from Mr. MacDougall of the Belding-Corticelli to you dated the 17th of February, 1931:

"Dear Mr. Hallam, Re RAYON YARNS

I do not know whether you are aware of the difficulty we are experiencing with the Rayon yarn manufacturers who, in the face of reduced prices of their own company in both England and the United States, have advanced their prices in Canada - that is, on the sizes we are especially interested in, with the result that their present prices are now higher than the American viscose prices, and Courtaulds Limited, England, prices, both concerns being under the same control as Courtaulds (Canada) Limited - in other words, it is quite evident that the Canadian Selling price is much higher than that prevailing in other countries and certainly anywhere from 5 per cent. to 18 per cent. higher than the price our costs were based on prior to September 16th, 1930.

You will note on the enclosed sheet that we have given you information covering our cost prices, prior to September 16th, 1930, which is of course, confidential. I thought however, you might be interested in seeing how one of the Canadian rayon yarn manufacturers treats the trade, as we take it they are

[illegible] Mr., on the same subject matter we have a letter from Mr. McDougall of the Belding-Corticelli to you dated the 17th of February, 1931:

"Dear Mr. Bolton, <u>Re Silk in Yarns</u>

I do not know whether you are aware of the [illegible] manufacturers who, in the face of reduced prices of their own company in both England and the United States, have advanced their prices in Canada - that is, on the sizes we are especially interested in, with the result that their domestic prices are now higher than the American wholesale prices, and Courtaulds Limited, England, prices [illegible] as Courtaulds (Canada) Limited - in other words, it is quite evident that the Canadian selling price is much higher than that prevailing in other countries and certainly anywhere from 5 per cent. to 12 per cent. higher than the price our cases were based on prior to September 1st, 1930.

You will note on the enclosed sheet that we have given you information covering our cost prices, prior to September 1st, 1930, which is of course, confidential. If thought advisable, you might be interested in seeing [illegible] of the Canadian [illegible] [illegible] Canada [illegible], as we [illegible]

treating us the same as they are other people."

A. Is that letter subsequent to the other?

Q. Yes, that is in February. So that evidently the condition had not been corrected.

EXHIBIT 597: Letter from Mr. MacDougall, Belding-Corticelli Limited to Mr. Hallam, dated Feb. 17, 1931, with cost sheet attached.

Q. This is copy of a letter from you to Mr. Watson dated January 29th, 1931 - I have not quite got all this in chronological order but they come from different fyles. That is in between the two.

THE COMMISSIONER: Who is Mr. Watson?

MR. McRUER: He is of Grouts Limited and he was the president.

THE WITNESS: Who - Watson? I am not sure.

Q. He is now Chairman of the Tariff Committee of the Silk Association? A. That is correct. I have forgotten whether he was President that year or not.

MR. McRUER: This letter is dated January 29th, 1931:

"Dear Mr. Watson:

"Letter re prices: I had a message from McKinnon saying he thought a letter on prices from the Silk Association advisable,---"

THE COMMISSIONER: Who is Mr. McKinnon?

THE WITNESS: Mr. McKinnon was the Commissioner

Prelim

trusting to the news so they are other people."

Q. As that letter addressed to the convoy

A. Yes, that is in February. So that continued

the condition had not been so marked.

<u>MR. ROBT. LAIRD (Van Ex.)</u>: Commencing

Q. Mailing, dated Feb. 17, 1941,

with most recent attached.

A. This is copy of a letter from you to me.

Q. Dated January 5th, 1941 - I note not quite

got all this in chronological order but they come

from different files. It is in between the

two.

MR. COMMON: He is of Senate Limited and he

was the president.

Q. He is now Chairman of the Tariff Committee

of the Air Association? A. And is courtesy.

I have forgotten whether he was President that year

or not.

MR. MORSON: This letter is dated January 20th,

1941:

"Dear Mr. Brydie

<u>"Letter re prices</u>: I had a message from

Railway Traffic Association of Canada to point

out the Air Association analysis, ---

MR. CONNOLLY: Not my in. commencement

THE PRESIDENT: Q. Commence the Lord of your

on Tariffs, Department of Finance.

MR. McRUER:

"I had a message from McKinnon saying he thought a letter on prices from the Silk Association advisable, after again going over the wording of the brief. Since the executive meeting I have been trying to frame one that would be safe to read in the House. I have not got the right wording yet."

Well, that is what you were saying to Mr. Watson- what was it all about? You thought it would be difficult to compose something safe to read in the house? A. The point was we wanted to express the exact facts.

Q. That is not what you say in this letter? "Since the Executive Meeting I have been trying to frame one that would be safe to read in the House."?

A. Exactly, it has to be correct to read in the House.

Q. "Artificial silk8---

BY THE COMMISSIONER: What did you mean by that? A. I meant that the letter would have---

Q. You are under oath? A. The letter would have to be strictly accurate. It would be open to criticism and would have to stand up under criticism, that we could not write it in a hurry or say anything in that letter which was not

"I had a message from McKinnon saying he thought a letter on prices from the milk Association advisable, after again going over the wording of the brief. Since the executive meeting I have been trying to frame one that would be safe to read in the House. I have not got the right wording yet."

Well, that is what you were saying to Mr. McKinnon- what was it all about? You thought it would be difficult to compose something safe to read in the House? A. The point was we wanted to express the exact facts.

Q. That is not what you say in this letter? "Since the executive meeting I have been trying to frame one that would be safe to read in the House."?

A. Exactly, it has to be correct to read in the House.

Q. Qualification alone---

BY THE COMMISSIONER: What did you mean by that? A. I meant that the letter would have---

Q. You are under oath? A. The letter would have to be original documents. It would be wrong to publish misleading statements, that we could not prove to be true, or to be not correct and not

accurate -- that is what I meant.

MR. McRUER: Q. What was the subject matter in regard to prices that it was going to be so difficult to compose a letter to Mr. McKinnon that would be safe to read in the house? A. The letter was to the Finance Minister, not to Mr. McKinnon.

Q. All right, what was the difficulty in writing the Finance Minister a letter on prices? A. The question there was - the statement was to be made that if the tariff was increased, if tariff increases were made that were asked for then the prices would not be increased to the buyers because of that.

Q. Well, that would not take much trouble in writing that if that is what it was. That is a very simple thing and it would be pretty safe to read in the House too because I understand statements like that were broadcasted on Hansard time and again? A. I think you will notice that Courtaulds had---

Q. Oh, we will come to Courtaulds in a moment. A. Courtaulds had increased prices after tariff had been ---

Q. We will come to that in a minute. Mr. McKinnon had stated to you that he thought a letter on prices from the Silk Association advisable, the Government wanted a letter on prices and you said: "Since the Executive meeting I have been trying to frame one that would be safe to read in the House. When you got down to discussing prices

accurate -- that is what I meant.

MR. MCRUER: Q. What was the subject matter in regard to prices that it was going to be so difficult to compose a letter to Mr. McKinnon that would be safe to read in the house? A. The letter was to the Finance Minister, not to Mr. McKinnon.

Q. All right, what was the difficulty in writing the Finance minister a letter on prices? A. The question there was - the statement was to be made that if the tariff was increased, if tariff increases were made that were asked for then the prices would not be increased to the buyers because of that.

Q. Well, that would not have been terrible in writing that if that be what it was. That is a very simple thing and it would be pretty safe to read in the house too because I understand statements like that are -- [illegible] Q. I think you will notice that Countaulds had---

A. Q. Oh, we will come to Countaulds in a moment.

A. Countaulds had increased prices after tariff had been ---

Q. We will come to that in a minute. Mr. McKinnon had stated to you that he thought a letter on prices from the Silk Association advisable, the Government should a letter on prices and you said: "Since the Executive meeting I have been trying to frame one that would be safe to send in the House. Have you done so yet?

you wanted something that was going to be safe to read in the House. Now, what was the difficulty? Certainly no difficulty in writing a letter just saying in a pious way, we are not going to write ---

A. I did not intend to write it in a pious way, I was simply going to state accurate facts.

Q. That would be--- A. I am not sure what tariff items would be involved in that.

Q. What difference what tariff items it would be if you were just making blanket statement you would not increase prices? A. I don't know that I was making blanket statements. I think I can find a copy of that.

THE COMMISSIONER: Well, we will give you until 2 o'clock.

EXHIBIT 598: Copy of Letter dated January 29, 1931, from Mr. Hallam to P.R. Watson.

-- The Commission adjourned at 12.30 P.M. to resume at 2.00 P.M.

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(Page 8250 follows)

you wanted something that was going to be safe to read in the house. Now, what was the difficulty certainly no difficulty in writing a letter just saying in a plain way, we are not going to write ---

A. I did not intend to write it in a plain way, I was simply going to state accurate facts.

Q. That would be--- A. I am not sure what tariff items would be involved in that.

Q. Was statement that tariff items is moral be if you were just making blanket statement you would not increase prices? A. I don't know that I was making blanket statements. I think I can find a copy of that.

MR. CONNELLAN: Well, we will give you until 4 o'clock.

EXHIBIT 598: Copy of letter dated January 22, 1941, from Mr. Mallon to P.H. Watson.

-- The Commission adjourned at 12.50 P.M. to resume at 2.00 P.M.

(Page 8660 follows)

AFTERNOON SESSION

DOUGLAS HALLAM, Examination by Mr. McRuer, (resumed):

THE COMMISSIONER: Mr. McRuer, I would like to go on until aquarter to four and then we will take recess for a few minutes.

MR. McRUER: All right, my lord.

BY MR. McRUER: Q. Mr. Hallam, have you been able to recall during the intermission, why the letter to Mr. McKinnon, in regard to prices, should be composed so carefully in order that it would be safe to read it in the House? A. I have a copy of that letter here, sir. I look for it during the lunch hour and I found it, and it is dated February 10th, 1931.

Q. Well, it evidently took you about 12 days more deliberations to get it safe? A. I had to speak to a large number of people to get at what the facts were. I could not very well put something on record without knowing the exact facts. There had been an increase in the price of rayon, and as all that had to be incorporated in the letter I had to find out what the facts were.

THE COMMISSIONER: Who is that letter from?

THE WITNESS: From me to the Prime Minister.

THE COMMISSIONER: And that is dated February 10th 1931?

EXAMINATION - CONTINUED

EXAMINED BY MR. MORROW, Continued by Mr. Monkman, (Continued):

THE COMMISSIONER: Mr. Morrow, I would like to go on until quarter to four and then we will take recess for a few minutes.

MR. MORROW: All right, my lord.

BY MR. MORROW: Q. Mr. Hallam, have you been able to recall during the intermission, why the letter to Mr. McKinnon, in regard to pulpwood, should be composed so carefully in order that it would be safe to read it in the House? A. I have a copy of that letter here, sir. I look for it during the lunch hour and I found it, and it is dated February 10th, 1931.

Q. Well, it evidently took you about 14 days more deliberations to get it safe? A. I had to speak to a large number of people to get at what the facts were. I could not very well put something on record without knowing the exact facts. There had been an increase in the price of rayon, and as all that had to be incorporated in the letter I had to find out what the facts were.

THE COMMISSIONER: Who is that letter from?

THE WITNESS: From me to the Prime Minister.

THE COMMISSIONER: And that is dated February 10th 1931?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: The letter dated January 22th, 1931, is Exhibit 598.

MR. McRUER: Yes, my lord.

THE COMMISSIONER: And this will be Exhibit 599, letter dated February 10th, 1931.

MR. McRUER: Yes, my lord.

EXHIBIT 599: Letter from President, Silk Association of Canada to the Prime Minister of Canada.

MR. McRUER: This reads as follows:

"Factory Prices,
Silk Association of Canada Brief.

It has been suggested that we should amplify our statement regarding factory prices on page 1 of our brief on the Silk Schedule dated November 29th, 1930.

Since the tariff revision in September 1930 the Canadian factory prices of silk fabrics have not been increased, but in many cases have been decreased. This is also generally true of fabrics of artificial silk, although there may be special cases where fabrics containing artificial silk have been slightly increased in factory price owing to an increase in the cost of raw material, namely certain types of rayon yarns."

Q. You would be referring to the increase that Courtaulds had made after the tariff had been put on?

Mr. McMURTRY, Q.C., on behalf of the Association of Canada to the Commission of Inquiry:

Mr. McMURTRY: Yes, my lord.

THE COMMISSIONER: And this will be Exhibit 999, letter dated February 10th, 1921.

Mr. McMURTRY: Yes, my lord.

EXHIBIT 999: Letter from Association of Canada to the Commission of Inquiry.

Mr. McMURTRY: This reads as follows:

"Dear Sirs,

RE: Tariff on Artificial Silk.

It has been suggested that we should modify our previous representations contained in paragraph 1 of our brief on the silk schedule dated November 20th, 1920.

Since the tariff revision in September 1920 the Canadian Market prices of silk fabrics have not been increased, but in many cases have been decreased. This is also generally true of textiles of artificial silk, although there may be special cases where textiles containing artificial silk have been slightly increased in factory price owing to an increase in the cost of raw material, namely textile yarns of higher prices.

I am sending a copy of this letter to the Customs Department and must leave the tariff and duty on yarn

A. That is right.

Q. And that had brought up the price of artificial silk fabrics? A. That is what I was referring to.

Q. Yes. The letter continues:

"If the recommendations made in our brief of November 29th, 1930, are carried out the manufacturers of silk and artificial silk fabrics will not increase factory prices, but will continue the policy of reducing factory prices, as increased production warrants, so long as the costs of raw material and labor do not increase.

The production of woven manufactures of silk and rayon is highly competitive in Canada, the e being sufficient machinery to supply the present market, and the government and the people of Canada can be assured that efficient production costs govern the factory prices."

Q. What governed the cost of factory prices was the control of production, was it not?

MR. KELLOCK: That has not been established yet.

THE WITNESS: That statement is not quite accurate, I am afraid.

BY MR. McRUER: Q. What you tried to do, at any rate, was to control production in order that the control of production would govern factory prices.

A. Control over production.

Q. All right, control over production?

A. That is right.

Q. and that had brought up the price of artificial silk fabrics? A. That is what I was referring to.

Q. Yes. The letter continues:

"If the recommendations made in our brief of November 16th, 1920, are carried out the manufacturers of silk and artificial silk fabrics will not increase factory prices, but will continue the policy of reducing factory prices, as increased production warrants, so long as the costs of raw material and labor do not increase.

The production of rayon manufactures of silk and rayon is highly competitive in Canada, the e being sufficient machinery to supply the present market, and the government and the people of Canada can be assured that efficient production costs govern the factory prices."

Q. What governed the cost of factory prices was the control of production, was it not?

Mr. KELLOCK: That has not been established yet.

THE WITNESS: That statement is not quite accurate, I am afraid.

BY MR. MORDEN: Q. What you tried to do, at any rate, was to control production in order that the manufacturing could survive Tariff attack.

A. Manufacturing prematurely.

Q. All right, matters was premature

A. Correct.

Q. I don't care what it is, but what you try to put into effect instead of the competititon which you represent to the government here, was the control of the production? A. And I say, Mr. McRuer, that competition did govern the prices.

Q. Well, whether it did or not, what your organization was trying to bring about was that it would not? A. I think you yourself have stated, that over-production continued.

Q. I am making no statements. I am asking questions, and please --- A. I was thinking back.

Q. I have asked the question as to whether over-production did exist or not, and some members of your Association have told me it did not and some have said that it did. All I am doing is asking questions. A. I am sorry, Mr. McRuer,

Q. It is not part of my business to make statements. A. Well, I am sorry.

Q. The fact is, that after your organization had represented to the Prime Minister of Canada that competititon was to govern the prices, you started in to try to control production; you tried to keep mills out of Canada in order to be able to secure control over production and limit competition; that is a fact, is it not? A. I don't think that expresses the fact, Mr. McRuer.

A. Correct.

Q. I don't care what it is, but what you try to put into effect instead of the competition which you represent to the government here, was the control of the production? A. And I say, Mr. Mosher, that competition did govern the prices.

Q. Well, whether it did or not, what your organization was trying to bring about was that it would not? A. I think you yourself have stated, that as a [illegible] [illegible].

Q. I am making no statements. I am making questions, and please --- A. I was thinking back.

Q. I have asked the question as to whether over-production did exist or not, and some members of your Association have told me it did not and some have said that it did. All I am doing is [illegible]. A. [illegible].

Q. It is not part of my business to make statements. A. Well, I am sorry.

Q. The fact is, that after your organization had represented to the Prime Minister of Canada that competition was to govern the prices, you started in to try to control production; you tried to keep mills out of Canada in order to be able to secure control over production and limit competition; that is a fact, is it not? A. I don't think that expresses the fact, Mr. Mosher.

Q. What was your objective in all this?

A. It was the sound economic thing to do.

Q. It may be perfectly sound, Mr. Hallam, but I am tryingto get at what it was you were trying to do; you were trying to have some government of production in order that there would not be what you might call ruthless competititon? A. Ruinous prices.

Q. That brought about by competition? A. I would not say it was brought about by competition.

Q. How else would it be brought about?

A. I would say by over-production, and economic competition.

Q. It would not make much difference what it produced as long as they did not sell at too low prices, would it? It wouldn't make any difference, the prices would not become ruinous unless they made them too low? A. Well, if an industry over-produces and has a tremendous amount of over-production, then prices become ruinous. We have seen that in wheat and a great many other things.

Q. Whether the prices were ruinous or not, your ~~di~~ industry was asking the Government to give them greater protection than they got in 1930?

A. I would have to look it up.

Q. Well, look at your letter? A. Yes, I think so.

Q. That is, you were not satisfied with what you got in 1930, you were coming back for more?

Q. What was your objective in all this?

A. It was the same thing as ever.

Q. It may be perfectly sound, Mr. Hallam, but I am trying to get at what it was you were trying to do; you were trying to have some government of production in order that there would not be what you might call rotten competition?

Q. That brought about by competition? A. I would not say it was brought about by competition.

A. I would say by over-production, and economic competition.

Q. It would not only mean that they produced as long as they did not sell at too low prices, would it? If they did not sell at different, the prices would not become ruinous unless they came too low? A. Well, if an industry over-produces and has a tremendous amount of over-production, then prices become ruinous. We have seen that in wheat and a great many other things.

Q. Whether the prices were ruinous or not, your #4 industry was asking the Government to give them greater production than they got in 1930?

A. I would have to look it up.

Q. Well, look at your history. Yes, I think so.

Q. That is, you were not satisfied with what you got in 1930, you were making more for money

A. That is correct.

Q. And you submitted a brief? A. Yes, we submitted a brief.

Q. Asking for higher tariffs on your products? A. Yes.

Q. And you stated to the Prime Minister:

"The production of woven manufactures of silk and rayon is highly competitive in Canada, there being sufficient machinery to supply the present market, and the government and the people of Canada can be assured that efficient production costs govern the factory prices."

A. And I would say now, that that was true then and is true to-day.

Q. Then what in the world was your object in having production reports sent in all the time; what was the object of all that if efficient production costs were to govern factory prices?

A. Over-production does not alter the factory prices, surely.

Q. But efficient production costs did govern factory prices? A. I said over-production does not alter the factory costs.

BY THE COMMISSIONER: Q. Oh, costs? A. I am sorry, the costs.

BY MR. McRUER: Q. I am talking about factory prices. I can easily see now, Mr. Hallam, why you were pondering over this letter with great deliberation for fear it might be read in the House

A. That is correct.

Q. Not only subsidized by Ottawa ... A. Yes, we subsidized a point.

Q. Asking for higher tariffs on your production?

A. Yes.

Q. And you appealed to the Prime Minister:

"The production of woven manufactures of silk and rayon is highly competitive in Canada, there being sufficient machinery to supply the present market, and the government and the people of Canada can be assured that sufficient production cannot prevent a Factory Prison."

A. And I would say now, that that was true then and is true to-day.

Q. Then what in the world was your object in having production reports sent in all the time; what was the object of all that if efficient production costs were to govern Factory Prices?

A. Over-production does not alter the Factory Prices, surely.

Q. And efficient production does not govern Factory Prices? A. I said over-production does not alter the Factory costs.

BY THE COMMISSIONER: Q. Oh, costs? A. I am sorry, the costs.

BY MR. DONNER: Q. I am talking about Factory Prices. I can easily see, Mr. Taylor, why you were completely off all lines when you talked

because, as a matter of fact, you were not permitting efficient production costs to govern factory prices, were you? A. Exactly.

Q. You were trying to prevent it from doing so, were you not? A. I don't think so.

Q. All right, not much use arguing it over here. We will pass on to the next item dealt with in Exhibit 598. Oh, yes, just before I leave Exhibit 599 : You were not undertaking in this letter, that you would not endeavour to maintain the prices at the level they were at that time, you were undertaking they would not be increased; but rayon prices were falling the world over, as other prices were falling the world over, and you are giving no undertaking to the Canadian public that they would be reduced.

MR. KELLOCK: Read the whole of the letter, Mr. McRuer.

THE WITNESS: It says here:

"so long as the costs of raw material and labour do not increase."

BY THE COMMISSIONER: Q. What would you do, so long as the costs of raw material --

A. The sentence on that, my lord, is:

"If the recommendations made in our brief of November 29th, 1930, are carried out the manufacturers of silk and artificial silk fabrics will not increase factory prices," --

Q. Will not increase? A. Will not increase: "but will continue the policy of reducing factory prices, as increased production warrants, so long as the costs of raw material and labor do not increase."

Q. Did you really have a policy of decreasing factory prices? A. They have been very substantially decreased.

Q. You talk there about a policy of decreasing prices. Where does that exist? We have not the evidence of that yet, I suppose? A. I do not know what evidence we could get on that point, sir.

Q. You told the Prime Minister it was a fact? A. That factory prices had decreased?

Q. No, no, that you had a policy. Perhaps Mr. Kellock will get it out.

BY MR. McRUER: Q. We have had some evidence of a policy of maintaining prices by control of production, and some other things such as that. There is nothing in any of these letters about any policy about decreasing prices, or anything in your minutes about getting together and decreasing prices? A. In spite of that, Mr. McRuer, the fact remains that prices were substantially decreased.

Q. Of course, they were. Rayon prices dropped the world over; what do you think the Canadian public would stand for? It is a question

Q. Will not increase? A. Will not increase;

"but will eventually the policy of reducing factory prices, as increased production warrants, so long as the costs of raw material and labor do not increase."

Q. Did you really have a policy of decreasing factory prices? A. They have been very substantially decreased.

Q. You talk there about a policy of decreasing prices. Where does that exist? We have not the evidence of that yet, I suppose? A. I do not know what evidence we could get on that point, sir.

Q. You told the Prime Minister it was a fact? A. That factory prices had decreased?

Q. No, no, that you had a policy. Perhaps Mr. Kellock will get it out.

MR. KELLOCK: Q. We have had some evidence of a policy of maintaining prices by control of production, and some other things such as that. There is nothing in any of these letters about any policy about decreasing prices, or anything in your minutes about putting factories on manufacturing prices? A. In spite of that, Mr. Kellock, the fact remains that prices were substantially decreased.

Q. Of course, they were. Upon prices everyone the world over; what do you think the Canadian public would stand for? It is a question

of whether the Canadian public got the decreases they ought to have got. We will have to come to that ultimately. Then, Exhibit 598, the paragraph on artificial silk:

"Artificial silk: In order to get anywhere on the acetate, bamberg, etc. artificial silk we will first have to get a letter from Courtaulds saying that they are quite agreeable to our request. This done we will then have to fight out the question as to the possibility of appraisal in which there are difficulties."

Now, what is it you are dealing with, in writing to Mr. Watson, that you are going to have to get a letter from Courtaulds in order to get anywhere on the artificial silk? A. We had asked, if my memory serves me correctly, that artificial silk yarn be split into two, one dealing with acetate, bamberg, and other artificial silks not made under the viscose principle, and, in order to put that forward, we were asked whether Courtaulds were prepared to have that done. The second thing was this: If that was done, would it be possible for an appraisal to be carried out between the two types of silk?

Q. Were you asking for the lower rate of duty on the acetate yarn than the viscose? A. Were we asking for a lower rate of duty?

Q. Yes. What I am getting at is this: In order to get anywhere on the acetate, bamberg, etc., artificial silk, we will first have to get a letter from Courtaulds saying that they are quite agreeable to our request." That is what you say in your letter to Mr. Watson. Why was it that, in your opinion, you could not get anywhere on an application for reduction of duty on acetate yarns without first getting a letter from Courtaulds who made viscose yarns? A. I think the custom is to enquire. I don't mean our custom, but the custom at Ottawa is to enquire of everybody that is affected.

Q. That may be, but what you are saying here is, that you cannot get anywhere unless you get a letter from Courtaulds. I was wondering who dictated the tariff rates. You say you could not get anywhere unless you first have a letter from Courtaulds. How did you arrive at that conclusion? A. This letter was written quite a long time ago, Mr.McRuer, and I am trying to remember the circumstances. I was probably told that we ought to get a letter from Courtaulds.

Q. That is not what you say. You come to a conclusion. You are telling Mr. Watson, in regard to this application for reduction:

"In order to get anywhere on the acetate, bamberg, etc., artificial silk, we will first have to get a letter from Courtaulds saying that they are quite agreeable to our request."

and Courtaulds were the great manufacturers of viscose yarns, - the only manufacturers of viscose yarns in Canada? A. I cannot remember the circumstances of that.

Q. You cannot help us any on it? A. I write hundreds and hundreds of letters, Mr. McRuer, and they are written in a hurry in a great many cases.

Q. Yes, no doubt, but here is a matter that was of great importance to the trade. Acetate yarns had a heavy duty placedon them in September, 1930? A. That is correct.

Q. And there was only one manufacturer of acetate yarn in Canada, and that was celanese? A. That is correct.

Q. And Celanese were fabricating their own yarns, and were not serving the trade as the trade thought they ought to be served? A. That is quite correct.

Q. And, with that situation, the trade was asking the government to lower the duty on acetate yarn because they were not being supplied as they felt they ought to be supplied? A. Yes, that is quite correct.

Q. And you say to Mr. Watson, the Chairman of the Tariff section of The Silk Association:

"In order to get anywhere on the acetate, bamberg, etc., artificial silk, we will first have to get a letter from Courtaulds saying that

and Courtaulds were the great manufacturers of viscose yarns, - the only manufacturers of viscose yarns in Canada? A. I cannot remember the circumstances of that.

Q. You cannot help us any on it? A. I write hundreds and hundreds of letters, Mr. Mosher, and they are written in a hurry in a great many cases.

Q. Yes, no doubt, but here is a matter that was of great importance to the trade. Acetate yarns had a heavy duty piecemeal from in Japanese, Italy? A. That is correct.

Q. and there was only one manufacturer of acetate yarn in Canada, and that was Celanese? A. That is correct.

Q. and Celanese were fabricating their own yarns, and were not serving the trade as the trade thought they ought to be served? A. That is quite [illegible].

Q. And, with that attention, the trade was asking the government to lower the duty on acetate yarn because they were not being supplied as they felt they ought to be supplied? A. Yes, that is quite correct.

Q. And you say to Mr. Watson, the chairman of the Tariff section of the silk association:

"In order to get anywhere on the acetate, bamberg, etc., artificial silk, we will f[illegible]

they are quite agreeable to our request."

Now, cannot you give me any background as to what you meant by that? A. I find it difficult to remember back, there was so much discussion.

Q. I cannot understand, you see, Mr. Hallam, why Courtaulds should carry the key to the Tariff Board? A. I don't know that they did.

Q. On rayon yarns; but you are saying in this letter that they do. A. Well, I was probably asked to get a letter to that effect. I mean, that is what I think I meant by that.

Q. But you made it very much stronger than that? A. I was asked what Courtaulds thought about it.

Q. But you say you could not get anywhere? A. Well, you will find I use here occasional expressions that were wrong.

Q. You did not take ten days to compose this letter? A. No, this appears to have been written in a hurry. I often write forty or fifty letters a day.

Q. We will go on then with the next paragraph which is headed Courtaulds; and reads as follows:

"Courtaulds: While I picked up nothing on this in Ottawa, I am afraid there is going to be a stormy time over Courtauld's price raise. The reduction in the price in England followed by the reduction in the price in the United States, with the raising

they are quite apparently to our senses.

Mr. Cannot you give me any indication as to what you mean by that? A. I find it difficult to remember that, since you so much disconcerted.

Q. I ought, perhaps, to say, Mr. Crosby, why Constantia should carry the key to the trunk herself? A. I don't know that they did.

Q. Do you recall that you had occasion to write letter that day? A. Well, I was probably asked to get a letter to the post office. I mean, that is what I think I meant by that.

Q. But you made it very much stronger than that? A. I was asked that Constantia thought about it.

Q. But you say you could not get anywhere? A. Well, you will find I was here considerable amount of that sort.

Q. You did not take ten days to compose this letter? A. No, this appears to have been written in a hurry. I often write forty or fifty letters a day.

Q. We will go on then with the next paragraph which is marked Constantia, and reads as follows:

"Well, I plead in mitigation of this is Oscar, I do afraid there is going to be a stormy time over Constantia's price rules. The reduction in the price in "Lucrezia" is due to the competition in the price in Argentina Canada, the low rating

of prices in Canada, is apparently more than human nature can stand."

Some things that they simply would not stand for in Canada.

MR. KELLOCK: You might read the rest of it, Mr. McRuer.

MR. McRUER: I will.

"What I don't like is the change in attitude to this firm; they are losing all their good will in the trade. Complaints as to their qualities are beginning to come in, with comments describing their methods of doing business as 'high handed'. Probably their product is as good as ever, and probably their method of doing business is the same as ever, the difference being in the attitude of the customer. However, some powerful interests, with considerable political backing, are sharpening their axes to go after them."

Who were the powerful political interests?that were grinding their battle axes? A. I don't remember at the time.

Q. Well, I cannot get much assistance from you, Mr.Hallam, on what operated in 1931.

MR. KELLOCK: Read the rest of that section, please.

MR. McRUER: All right.

of prices in Canada, is apparently more than human nature can stand."

Some things that they simply would not stand for in Canada.

M. [illegible]: You might read the rest of it.

Mr. [illegible]:

Mr. Hanson: I will.

"What I don't like is the change in attitude to this firm; they are losing all their good will in the trade. Complaints as to their qualities are beginning to come in, with customers describing their actions of being business as 'high handed'. Formerly their product is as good as ever, and probably their method of doing business is the same as ever, the difference being in the attitude of the management. Formerly, some Canadian interests, with considerable political backing, are manipulating their axes to go after them."

Who were the powerful political interests were grinding their battle axes? .. I don't remember at the time.

Q. Well, I cannot get much satisfaction from you, Mr. [illegible], do this complete in [illegible].

M. [illegible]: Read the rest of that section, [illegible].

Mr. [illegible]: All right.

"Mr. Dick and myself had an interview with Mr. Taylor and warned him, in as plain language as we could use without going into details and naming names, but he was of the opinion that everything was going smoothly."

BY MR. McRUER: Q. Who is Mr. Dick? A. Mr.Dick, I think, was the President of the Association that year.

BY THE COMMISSIONER: Q. And who is Mr. Taylor? A. Mr.Taylor of Courtaulds, sir.

BY MR. McRUER: Q. This reads: "Mr. Dick and myself had an interview with Mr.Taylor and warned him, in as plain language as we could use without going into details and naming names, but he was of the opinion that everything was going smoothly."

Now, Mr. Taylor thought everything was going smoothly, and there were some people sharpening their political axes, and you do not want to give any names, but you were giving him some warning that the axes might be sharp? A. I think that I discussed it a number of times with Mr. Taylor.

Q. I would like to know if you can give me any idea as to who the political opposition was expected from? A. That letter was written a long time ago.

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A. That letter was written a long time ago. It was written a long time ago; if I could remember I would tell you, but I am not certain.

BY THE COMMISSIONER: Q. You told it to Mr. Taylor several times? A. Not told it to him, I probably discussed it several times with Mr. Taylor, his attitude.

Q. You cannot remember whom you had in mind, to use your own language, who were about to wield a sharp and heavy axe on it? Surely --

MR. McRUER: There is some powerful --

BY THE COMMISSIONER: You cannot remember whom you meant? A. No, I cannot at the moment because there is so many different interests in there, sir.

BY MR. McRUER: Q. Some powerful interests with considerable political backing -- A. Yes.

Q. -- were sharpening their axes to go after them? A. I think some of the mills in the Maritimes told me they had seen their members of parliament. For example-- I think that was one of the things. I think some of the mills in the Maritimes using this yarn had told me they were seeing their members of parliament and were having the matter taken up at Ottawa.

Q. It does not just sound quite as mild as that. That just sounds like a bow and arrow instead of an axe that they were trying to wield. Well, as a matter of fact, the industry as a whole suffered under this situation until 1932. It was over a year later when they finally were able to procure a reduction by Courtaulds? A. I don't remember the date, sir.

Q. Did I write you [illegible] some time ago. If you written a long time ago; if I could remember I would tell you, but I am not certain.

BY THE CHAIRMAN: Q. You told it to Mr. [illegible] several times? A. And told it to him, I remember [illegible]

Q. You cannot remember what you had in mind, to use your own language, who were about to which a sharp and heavy one on it? Surely --

MR. MONTEN: There is some [illegible] --

BY MR. [illegible]: Q. [illegible] correct? A. No, I cannot at the moment tell you there is so many different interests in there, sir.

BY MR. [illegible]: Q. [illegible] --

A. Yes.

Q. -- Were scrapping their ears to go after them?

A. I think some of the mills in the Maritimes told us they had seen their members of parliament. For example, I think that was one of the things. I think some of the mills in the Maritimes using this pressure had told us they were making their members of parliament and some having the matter taken up at Ottawa.

Q. It was not just [illegible] mills or that that just sounds like a [illegible] of an axe that they were trying to wield. Well, as a matter of fact, the industry as a whole suffered under this situation until 1936. It was over a year later when they finally were able to procure a resolution by [illegible]

Q. I don't remember the [illegible]

Q. Mr. MacDougall gave it in Montreal?

A. Whatever the date was.

Q. We have a table on it. Th re is another paragraph headed "R.P. Sparks".

"Mr. R.P. Sparks, while I was with him, got a message from a friend in Montreal that the cutting-up trade is up in arms about the way the customs are re-valuing printed silks. The information was that the cutters-up are going to try and import the dresses instead of the fabric. Sparks thought we should be warned about this, and I am writing to Mr. Collette."

What was the disturbance in the cutting-up trade?

A. I would have to check back and see whether I could get that. I presume from the letter that the Customs were re-valuing printed silks --

Q. What? A. Re-valuing printed silks which were being dumped in from the United States.

Q. Well, the cutting-up trade seemed tobe --

A. They objected to it.

Q. They objected to the valuation that was being put on their raw material? A. Yes.

Q. and that would be what the weaving trades would want done; they would want a higher valuation put on?

A. They would want a correct valuation for a fair home market.

Q. There is a little difference of opinion between them and the cutting-up trade as to what the correct valuation was apparently? A. I think what happened there was that the customs duties were main-

Q. Mr. Kaufmann, are it is portrayed

A. whatever the is the.

Q. We have a model of it. There is another

photo of Dennis "B.J." Crowley.

"Mr. B.J. Dorrie, while I was sick bay, got a

message from a friend in Portland that the out

of town in an item about the way the work

was re-valued printed files. The letter

was that the cutters-up are going to the and

put the dresses instead of the fabric. Some

thought we should be warned about this, and I

[illegible] for Mr. Kaufmann.

What was the attitude in the continuing study

A. I would have to check back and see whether I can

that. I remember from the letter that the dresses

were re-valued printed files --

Q. Sorry! -- [illegible]

which were being turned in from the United states.

Q. Well, the cutting-up trade passed this --

A. Never objected to it.

Q. Was objected to the valuation that was

put on their raw materials? A. Yes.

Q. [illegible]

A. [illegible]

Q. [illegible]

A. [illegible]

tained on clothing that was from the United States. I think the records will show that.

Q. Alright; I have got a matter here, Mr. Hallam, that I am not going into detail with you on but I want to file it because it contains a lot of information. It is attached to a letter from Mr. Berry, I take it from Mr. Berry? A. That is from Mr. Berry.

Q. Mr. Berry to Mr. Tolmie dated June 16th, 1936.

THE COMMISSIONER: A letter from Mr. Berry?

MR. McRUER: To Mr. Tolmie.

THE COMMISSIONER: What are the initials?

MR. McRUER: R. G. Tolmie.

THE COMMISSIONER: Mr. Berry's?

MR. McRUER: Mr. Berry's, W.M.B., W. M. Berry.

THE COMMISSIONER: To Mr. --

MR. McRUER: R. G. Tolmie.

THE COMMISSIONER: That is number 600.

EXHIBIT NO. 600: Letter dated June 16, 1936, from Mr. Berry to Mr. Tolmie with enclosure.

MR. McRUER: The letter reads as follows:

"As you know, preliminary conversations with a view to revision of the Canada-United Kingdom trade agreement which expires in 1937 are expected to commence within the next month. Some of the basic data on the Canadian cotton industry and on the British cotton industry, in its relation to the Canadian market, have been set out in the enclosed memoranda. If there are further points which should be stated, or ampli-

[illegible] or climbing. That was from the letter [illegible]. [illegible] the reports will [illegible] that.

Q. Little: I have got a letter here, Mr. [illegible] that I am not going to deal with you on [illegible] to file it because it contains a lot of [illegible]. It is addressed to a letter from Mr. [illegible]. I take it from Mr. Berry?

A. That is from Mr. Berry.

Q. Berry [illegible] [illegible]

[illegible]

A. McKay: No Mr. [illegible].

THE COMMISSIONER: What was the [illegible]?

Q. Little: [illegible].

THE COMMISSIONER: Mr. Berry's?

Q. [illegible] Mr. Berry's [illegible] [illegible].

THE COMMISSIONER: Go on. --

Q. Mr. [illegible] E. G. Titus.

Mr. [illegible] Mr. [illegible] Mr.

EXHIBIT No. 606: Letter dated June 1st, 1928 [illegible] Mr. Berry to Mr. [illegible] Textile Film Exchange.

Q. Little: The letter reads as follows:

"Dear Sir, Preliminary conversations with a view to initiation of the [illegible] Lancashire Cotton Research Association organized in 1917 was occasioned by concern which the [illegible] of the Textile Institute on the [illegible] and on the British cotton industry. In its [illegible] in the [illegible] [illegible] in the [illegible] [illegible] [illegible] [illegible] [illegible]

"fication of those contained herein, your comments would be appreciated by return."

And this is several pages, my lord, of data of one kind and another which I may have occasion to refer to later on.

MR. KELLOCK: Is that memorandum dated June 8th?

ASSISTANT SECRETARY RONE: June 8th, yes.

THE COMMISSIONER: It will be all part of the same exhibit?

MR. McRUER: Yes. I have another memorandum dated the 14th of February, 1935, "United Kingdom Spinning Companies Operating Results". Did you prepare this, Mr. Hallam? A. I see it is taken from Tattersall's Cotton Trade Review, issue of January, 1935. That would come up from my Montreal office.

Q. It is something prepared in your office? A. Yes, it was something prepared in our office. I don't take Tattersall's; it would be the Montreal office.

Q. This will be exhibit --

THE COMMISSIONER: 601.

EXHIBIT NO. 601: United Kingdom Spinning Companies Operating Results.

THE COMMISSIONER: How do you describe it?

MR. McRUER: Statement of operating results, United Kingdom Spinning Companies.

BY THE COMMISSIONER: Q. Is that companies operating in Great Britain? A. Operating in Great Britain, sir.

Q. Is there a date to it?

MR. McRUER: It is dated the 14th of February, 1935.

THE COMMISSIONER: 1935?

MR. McRUER: Yes, my lord. There are just one or two things I want to draw your attention to in it. It is a record of the United Kingdom Companies and I may have occasion to compare them with the record of the Canadian companies over the last five years. In 1930 there were 157 companies that made a loss and 232 companies that made a profit.

THE COMMISSIONER: Pardon me a moment, are these silk companies?

MR. McRUER: No, they are United Kingdom Spinning Companies.

THE WITNESS: They are United Kingdom Spinning Companies.

BY THE COMMISSIONER: Q. Spinning what? A. Spinning cotton yarn, sir.

BY MR. McRUER: Q. The average dividend of those making a profit was 1.91% on the capital. 1931, of the 201 making a profit the average dividend was 1.46%; 1932, the average dividend of 191 making profits was 1.55%; 1933, 178 are listed as making profits and the average dividend is 1.50%, that is, 1½%. In 1934, 173 made profits and the average dividend was 1.57%. Then, the United Kingdom Cotton Combines --

THE COMMISSIONER: What is that?

MR. McRUER: The United Kingdom Cotton Combines Operating Results; what does that mean? A. Have we

Q. Is there a note to it?

MR. MORRISON: It is dated the 14th of February, 1

THE COMMISSIONER: YEAH?

MR. MORRISON: Yes, my Lord. There are just one two things I want to draw your attention to in it. It is a record of the United Kingdom Companies and I have occasion to compare them with the record of the Canadian companies over the last five years. In 1930 there were 187 companies that made a loss and 282 companies that made a profit.

THE COMMISSIONER: Pardon me a moment, are these all companies?

A. MORRISON: No, they are United Kingdom Spinning Companies.

THE WITNESS: They are United Kingdom Spinning Companies.

A. Spinning cotton yarn, sir.

BY MR. MORRISON: Q. The average dividend of those making a profit was 1.91% on the capital. 1931, of the 201 making a profit the average dividend was 1.4 1932, the average dividend of 171 making profits was 1.06%; 1933, 178 are listed as making profits and the average dividend is 1.05%, that is, 1%. In 1934, 173 made profits and the average dividend was 1.57%. Then, the United Kingdom Cotton Combines --

THE COMMISSIONER: What is that?

MR. MORRISON: The United Kingdom Cotton Combines.

THE WITNESS: Combining mills; what does that mean? Q. Have y

the original Tattersall's?

MR. BERRY: No, it is not here; I can get that.

THE WITNESS: That is the way they describe those very large companies there, the United Kingdom Cotton Combines.

MR. BERRY: They are described below on the same sheet, Mr. McRuer.

THE WITNESS: Spinning Combines, it is explained here.

BY MR. McRUER: Q. Cotton Combines are not explained; well, spinning, at any rate --

THE COMMISSIONER: Can anybody tell me what a combine is?

SECRETARY WHITELEY: It was the bankers' creation, wasn't it, about 1927. They amalgamated a number of the spinning companies into one, sir.

THE WITNESS: I am not certain.

MR. McRUER: There were three spinning companies with a capital of £18,145,528.

THE COMMISSIONER: They have capital; it must mean a number of companies --

THE WITNESS: That will be a combine of the Combined Egyptian Mills, Crosses & Winkworth Consolidated Mills, and Fine Cotton Spinners & Doublers Association, Limited, that three.

MR. McRUER: Their profit amounted to .75% or three-quarters of one per cent on the capital.

THE COMMISSIONER: On the capital.

MR. McRUER: On the capital, my lord. The

the original Petitioners?

MR. BERRY: No, it is not here; I can get that.

THE WITNESS: That is the way they describe their very large commodious share, the United Kingdom Cotton Combines.

MR. BERRY: They are described below on the same sheet, Mr. Mosser.

THE WITNESS: Spinning Combines. It is explained here.

BY MR. MONDER: Q. Cotton Combines are not explained; well, spinning, at any rate --

THE COMMISSIONER: Can anybody tell me what a combine is?

SIR GEORGE WHITELEY: It was the bankers' creation, wasn't it, about 1927. They amalgamated a number of the spinning companies into one, sir.

THE WITNESS: I am not certain.

MR. MONDER: There were three spinning companies with a capital of $16,166,000.

THE COMMISSIONER: They have capital; it must mean a number of companies --

THE WITNESS: That will be a combine of the Dunlaps Supply Mills, Horrax & Tunbridge Combined Mills, and Fine Cotton Spinners & Doublers Association, Limited, that three.

MR. MONDER: Their profit amounted to .76% of the capital\yet not on the system.

THE COMMISSIONER: on the capital.

MR. MONDER: On the capital, my lord. The

Thread Combine, there are two in it with twenty-four million capitalization. A. Twenty-four million pounds.

Q. Yes; they had a profit of 11.78%. Spinning and Weaving --

THE COMMISSIONER: Who had that big profit?

MR. McRUER: The thread, my lord. Spinning and weaving with a capital of x twenty-two million pounds had a profit of .91% and Finishing, with five in it, had a capital of twenty-five million pounds and had a profit of .88%. That will be exhibit number --

THE COMMISSIONER: 602 - no, we have already had that.

BY MR. McRUER: Q. Then, I show you a copy of a letter from you to Mr. Thompson of the Super Silk Hosiery, Limited, London, Ontario, dated July 25th, 1928.

THE COMMISSIONER: A letter from whom to whom?

MR. McRUER: To Mr. Thompson of the Super Silk Hosiery.

THE COMMISSIONER: Super Silk Hosiery, alright.

BY MR. McRUER: Q. That is before your hosiery agreements got working? A. That is before the hosiery memos got operating.

THE COMMISSIONER: That will be exhibit 602.

EXHIBIT NO. 602: Letter dated July 25, 1928, to W. S. Thompson, from Douglas Hallam.

MR. McRUER: "While waiting an opportunity to call upon you in London and attempt to convince you that any information you supply this Association

Thread Combine, there are two in it with twenty-four million spindles.

A. Twenty-four million pounds.

Q. Yes; they had a profit of $1,788. Spinning and Weaving --

THE COMMISSIONER: Who had that big profit?

MR. MORDEN: The thread, my lord. Spinning and weaving with a capital of x twenty-two million pounds has a profit of .9% and Finishing, with five in it, has a capital of twenty-five million pounds and has a profit of .8%. That will be exhibit number --

THE COMMISSIONER: 608 - so, we have already had that.

BY MR. MORDEN: Q. Then, I show you a copy of a letter from you to Mr. Thompson of the Super Silk Hosiery, Limited, London, Ontario, dated July 28th, 1944.

THE COMMISSIONER: A letter from whom to whom?

MR. MORDEN: To Mr. Thompson of the Super Silk Hosiery.

THE COMMISSIONER: Super Silk Hosiery, alright.

BY MR. MORDEN: Q. That is before your hosiery agreements got working? A. That is before the hosiery mosos got operating.

THE COMMISSIONER: That will be exhibit 609.

EXHIBIT NO. 609: Letter dated July 28, 1944, to M. E. Thompson, from Douglas Williams.

MR. MORDEN: While waiting an opportunity to call upon you in London and attempt to convince you that any information you supply this association

"will not be used in any way which you would not approve, we would like to issue an interim report on the machinery installed and on order.

We are obtaining co-operation now in the general report excepting from yourselves and one other firm. I would therefore be much obliged if you could see your way clear to filling in the attached short report on machinery and returning it at your earliest convenience.

I understand that one of the Full Fashioned firms has cut prices, and that this was followed by another firm going one better - both cuts were made without any substantial reason. Unless this is stopped by concerted action, the position of the Full Fashioned Hosiery Men will shortly be that of some other textile group who are now fighting to get reasonable prices for their products, because through cutting in the past they are all making heavy losses.

Our experience has been that it is much easier to reduce prices below profitable level than it is to raise them again."

How could the firms be cutting prices if there was not some arrangement among them? A. A firm can cut prices without arrangement if they desire to do so.

Q. How would you stop it by concerted action? A. I had even back that far the exchange of price information.

Q. Yes? A. I had it even back in 1928, that there should be an exchange of price information.

"will not be used in any way which you would not approve, we would like to issue an interim report on the machinery in relation to an order.

We are obtaining co-operation now in the general report excepting from yourselves and one other firm. I would therefore be much obliged if you could see your way clear to filling in the attached short report on machinery and returning it at your earliest convenience.

I understand that one of the Mill Rehlomed firms has cut prices, and that this was followed by another firm going one better - both cuts were made without any substantial reason. Unless this is stopped by concerted action, the position of the Mill Rehlomed Hosiery men will shortly be that of some other textile group who are now fighting to get reasonable prices for their products, because through cutting in the past they are all making heavy losses.

Our experience has been that it is much easier to reduce prices below profitable level than it is to raise them again."

Q. Could the firms in question raise it if they had arrangement being made? A. A firm can cut prices without arrangement if they desire to do so.

Q. How would you stop it by concerted action?

A. I had even been at that for the enforcing of price information.

Q. That? A. I mean if even just in [illegible]

Q. Yes, exchange of price information; I am saying how would you propose to stop it by concerted action? A. By exchange of price information.

Q. How would exchange of price information stop it? If they wanted to cut they could cut? A. And they did cut even after the price information was exchanged.

Q. "Unless this is stopped by concerted action"; what would the concerted action be that would stop it? A. By exchange of price information.

Q. How would that stop it? A. It doesn't stop it but I thought it would. It didn't stop it but I thought it would.

Q. How would concerted action stop it? That is doing violence to the English language to say that the ~~xxxxx~~ concerted action was merely telling one another the prices they were selling at? A. That is what I had in mind, Mr. McRuer.

Q. All you had in mind was, we will exchange our prices, and that is going to stop it by concerted action? A. I had in mind the exchange of price information as carried out in these memos later on and even that far back, 1928.

Q. Did you have in mind getting them to agree definitely on certain prices? A. I don't think so.

BY THE COMMISSIONER: Q. Did you say you had in mind the policy which led to this? A. Yes, I had in mind even in 1928 that policy.

Q. That is to say, fixing of minimum prices not to be departed from except after two weeks notice to

Q. Yes, exchange of price information; I am saying how would you propose to stop it by concerted action?

A. By exchange of price information.

Q. How would exchange of price information stop it? If they wanted to cut they could cut?

A. And they did cut even after the price information was halted.

Q. Unless this is stopped by concerted action what would the concerted action be that would stop it?

A. By exchange of price information.

Q. How would that stop it? A. It doesn't stop it but I thought it would. It didn't even in that I thought it would.

Q. How would concerted action stop it?

That is going violence to the English language to say that the ~~xxxx~~ concerted action was merely telling one another the prices they were selling at? A. That is why I did in this, Mr. Commissioner.

Q. All you had in mind was, we will exchange prices, and that is going to stop it by concerted action? A. I had in mind the exchange of price information as carried out in these cases later on and even that far back, 1928.

Q. Did you have in mind getting them to agree mutually on certain prices? A. I don't think

BY THE COMMISSIONER: Q. Did you say you had in mind the policy which led to this? A. Yes, I had in mind even in 1928 that policy.

Q. That is to say, fixing of minimum prices?

you? A. Yes.

Q. So you could notify the other members?

A. Yes, so I could notify the other members if a change was made.

Q. Why not call what it is? A. But I don't think it is a price fixing arrangement, sir.

Q. Well, it speaks for itself.

BY MR. McRUER: Q. The next letter I want to draw your attention to is about the same time, dated September 21st, 1929 which evidently anti-dates the price agreements. This is from the Supersilk Hosiery Mills, Limited to the Silk Assocation --

"Gentlemen: ATTENTION MR. DOUGLAS HALLAM

We are in receipt of your circular letter dated September 19th, apparently written by Mr. C. A. Reynolds"-- who is he?

THE COMMISSIONER: I would prefer you would let me know from whom and to whom.

MR. McRUER: From the Supersilk Hosiery Mills, Limited, that is the same man, Mr. W. S. Thompson.

THE COMMISSIONER: To whom?

MR. McRUER: To the Silk Association.

THE WITNESS: To my attention.

THE COMMISSIONER: What date?

MR. McRUER: 21st of September, 1929.

THE COMMISSIONER: It will be 603.

EXHIBIT NO. 603: Letter dated Sept. 21, 1929, from Supersilk Hosiery Mills, Limited to Silk Association of Canada.

BY MR. McRUER: Q. Who was Mr. Reynolds that is

Q. Do you could notify the other members?

A. Yes, so I could notify the other members if a change was made.

Q. Why not call what it is? A. But I don't think it is a price fixing arrangement, sir.

Q. Well, it speaks for itself.

BY MR. MORRIS: Q. The next letter I want to draw your attention to is about the same time, dated September 21st, 1949 which evidently anti-dates the price agreement. This is from the Supermalk Dairy Mills, Ltd., letter to the milk association --

"Gentlemen: COMPETITIVE PRICE SITUATION

We are in receipt of your circular letter dated September 19th, apparently written by Mr. C. A. Schofield -- who is he?

THE COMMISSIONER: I would prefer you would let me know from whom and to whom.

MR. MORRIS: From the Supermalk Dairy Mills, Limited, that is the same man, Mr. W. S. Thompson.

[illegible] To [illegible]?

[illegible]: Yes, the dairy [illegible].

THE WITNESS: To my attention.

THE COMMISSIONER: What date?

MR. MORRIS: Sixt of September, 1949?

THE COMMISSIONER: It will be 606.

EXHIBIT NO. 606: Letter dated [illegible] from Supermalk Dairy Mills, Limited to milk [illegible].

[illegible]

Q. Do you recall, Mr. Thompson, that in

referred to? A. He was the chairman at that time of the Full Fashioned Hosiery Section, sir.

Q. "We are in receipt of your circular letter dated September 19th, apparently written by Mr. C. A. Reynolds.

The writer thinks probably that he will, although not a member of the association, attend the meeting to be held in Toronto next Friday. In any case, I expect to make a strong effort to get there.

With regard to co-operation in the industry, our experience in our mill has been this. It seems that nearly every mill in the trade, with few exceptions, are price-cutting, one of the big mills very noticeably. It seems to me that almost any mill to-day will take an order at any price, from the experience we have had.

Our own mill has been one that has been noticeably careful of the price. We have never cut prices but have held and maintained our prices, which are higher than any others quoted to-day by any mill in Canada for the same merchandise and yet we have been able to keep our mill going to full capacity and have been considerably behind at all times on our orders. It is very funny to the writer under those conditions, why other mills find it necessary to do so much price-cutting to get business.

On many occasions it has been mentioned to us that the price of our service weight stocking is

referred to? No. He was the chairman at that time of the Full Fashioned Hosiery Section, Sir.

Q. The map is reading as your circulary letter September 19th, supposedly written by Mr. C. A. Reynolds.

The writer thinks probably that he will, although not a member of the association, attend the meeting to be held in Toronto next Friday. In any case, I expect to make a strong effort to get there.

With regard to co-operation in the industry, our experience in our mill has been this. It seems that nearly every mill in the trade, with few exceptions, are price-cutting, one of the big mills very noticeably. It seems to me that almost any mill knows this hosiery section at the prices from the experience we have had.

Our own mill has been one that has been noticeably certain of the prices. We have never cut prices but have held and maintained our prices which are higher than any others quoted to-day by any mill in Canada for the same merchandise and we have been able to keep our mill going to full capacity and have been comfortably behind at all times on our orders. It is very funny to the point it necessary to go so much price-cutting to get business.

On many occasions it has been mentioned to me the fact of our service [illegible]

"from 75¢ to $1.00 a dozen higher than the price quoted by any other mills in Canada.

We have not, at any time, had to reduce our prices to meet this competition, nor have we done so.'

Now, the next is another letter from Supersilk Hosiery to you, Mr. Hallam, dated September 30, 1930.

THE COMMISSIONER: December, 1930?

MR. McRUER: September 30th, 1930.

THE COMMISSIONER: That will be exhibit 604.

EXHIBIT NO. 604: Letter dated Sept. 30, 1930 from Supersilk Hosiery Mills Limited to Major Douglas Hallam.

MR. McRUER: Q."This will acknowledge your favor of September 26th. I would be glad to talk over with you the matter of our joining the Silk Association of Canada; although frankly I cannot see that they are ever going to get any place at the present time.

Statistics regarding production, sales, etc., are to my way of thinking, not necessary at all, as each mill should be fully capable of governing the matter of not over-producing, and should produce merchandise in keeping with sales, which is a policy we have always followed. If a mill is not managed properly all the statistics in the world, I do not think, will improve their production as compared with their sales.

I would suggest that more time be spent on stopping price reductions which practically every mill is doing to-day from time to time, and to get

"from 75¢ to $1.00 a dozen higher than the price quoted by any other mills in Canada.

We have not, at any time, had to reduce our prices to meet this competition, nor have we done so now. The next is another letter from Superfelk Hosiery to you, Mr. Mullen, dated September 30, 1920.

MR. CHARLES LEVIN: December, 1920

Mr. Mullen; September 30th, 1920.

THE COMMISSION: That will be exhibit 604.

EXHIBIT No. 604: Letter dated Sept. 30, 1920 from Superfelk Hosiery Co. Limited to Mr. Mullen.

Mr. Mullen: Your mill manufacture your hosiery of September 30th. I would be glad to talk over with you the matter of our joining the Silk Association of Canada; although frankly I cannot see that they are ever going to get any place at the present time.

Mullen Knitting Co. Ltd., Mills, etc., are to my way of thinking, not necessary at all, as each mill should be fully capable of governing the matter of not over-producing, and should use moderation in keeping with sales, which a policy we have always followed. If a mill has not managed properly all the statistics in the world, I feel mine, will improve their condition as compared with their sales.

I would suggest that more time be spent on stopping price reductions which practically every mill is doing to-day from time to time, and to

"together and have terms which would be strictly adhered to by all mills. The trouble is, apparently, the mills which are members of the Silk Association of Canada say one thing and do another. Instead of being united they are the reverse.

The writer attended one meeting only; it, I think, was the only meeting held over a period of six months and I certainly was not impressed with what took place."

Well, it was about a year later that you were able to get together on the price memorandum?

A. I think it started in 1932 , was it? They started in 1932 to exchange price information.

Q. Did Supersilk Hosiery , Limited, come in on the arrangement you had when y u had 20 out of 22 in? A. I would have to check back; they certainly came in and finally exchanged production and sales statistics.

Q. All right; then, I have another letter from Belding-Corticelli to you dated December 17th, 1931.

THE COMMISSIONER: Give me the date again.

MR. McRUER: December 17th, 1931.

THE COMMISSIONER: That is the following year. That is to the witness.

MR. McRUER: To the witness, yes, my lord.

THE COMMISSIONER: Was the prior letter to the witness also?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be 605.

EXHIBIT 605: Letter dated December 17th, 1931 from Belding-Corticelli to D. Hallam.

"together and have terms which could be entirely adhered to by all mills. The trouble is, unfortunately, the mills which are members of the Pulp Association of Canada say one thing and do another. Instead of being united they are the reverse.

The writer attended one meeting only; it, I think, was the only meeting held over a period of six months and I certainly was not impressed with what took place."

Well, it was about a year later that you were able to get together on the price agreement?

A. I think it started in 1928, was it? They

Q. The Superior Sanitary, Limited, came in

A. Yes.

and sales statistics.

Q. All right; then, I have another letter from Fielding-Ottrisell to you dated December 17th, 1928.

THE COMMISSIONER: Give me the date again.

MR. [illegible]: December 17th, 1928.

THE COMMISSIONER: That is the following year.

What is to the witness.

MR. [illegible]: In the [illegible].

THE COMMISSIONER: Was the price better to the [illegible]?

A. NATURE: Yes, my lord.

THE COMMISSIONER: That will do [illegible].

MONDAY 6th: Letter dated December 17th, 1928 from Fielding-Ottrisell to T.

BY MR. McRUER: Q. I want to draw your attention to some of the paragraphs. It is a long letter dealing with the exchange rates between Canada and the United States. Was this after Canada went off the gold standard, December, 1931 - Canada had gone off the gold standard in September, 1931?

"During my visit, I interviewed the Aberfoyle Mfg. Co., in view of ascertaining if there was any possible way by which they could meet the present situation. The conversation I had is too long to detail, but the suggestion I made warranted them to get their banker, treasurer and all their other officials to consider the matter. Their condition is rather precarious, because at the present time they are selling their yarns at cost. Naturally under these conditions they are not in a position to give any worth while concession. They did, however, offer long terms if that could help out, but that does not solve the problem. I put the matter before them in this way. In my estimation, there are probably two mills sufficiently reliable in making the proper quality of goods in the United States that the Canadian Hosiery Manufacturers could deal with and they are the Aberfoyle Mfg. Co. and Hampton Mfg. Co., that we must necessarily obtain from them a sufficient concession to meet the situation as compared with the quotations we are getting from England based on the Pound

Mr Mr. Lowry: O. I want to draw your attention to some of the paragraphs. It is a long letter dealing with the exchange rates between Canada and the United States. Was this after Canada went off the gold standard, December, 1931 - Canada had gone off the gold standard in September, 1931?

"During my visit, I interviewed the Abercrombie Mfg. Co., in view of ascertaining if there was any possible way by which they could meet the present situation. The conversation I had is too long to detail, but the suggestion I made warmed them to get their backs together, treasurer and all their other officials to consider the matter. Their condition is rather precarious, because at the present time they are selling their goods at cost. Naturally under these conditions they are not in a position to give any worth while consideration. They did, however, offer long terms if that could help us, but that does not solve the problem. I put the matter before them in this way. In my estimation, there are probably two mills sufficiently reliable in making the proper quality of goods in the United States that the Canadian Hosiery Manufacturers could deal with and they are the Abercrombie Mfg. Co. and Hampton Mfg. Co., that we must necessarily obtain from them a sufficient concession to meet the situation as compared with the quotations we are getting from Germany and Japan on the goods

"Sterling at $4.00 and taking the American Exchange at 16% on the coarser counts that we use in hosiery 50/60 2-ply there is a difference of about 10%. Considering the exchange today as it is, 23/24% it will probably make a difference of 15 to 20%. I told the Aberfoyle Mfg. Co., that unless we could obtain some arrangement I thought the best plan, and probably the plan we would adopt, would be an effort by which all the Hosiery Manufacturers would group together and make arrangements with a good English Manufacturer and make arrangement to carry stocks in Canada to supply this demand. I might say that I consider it of time importance in manufacturing hosiery to have the yarns used in the stockings from the same Merceriser and yarns mercerised under the same process. If we do not adhere to this plan we will have a variation of colours in our stockings which is costly and very detrimental to the quality of the goods."

I want to get from you what the difficulty was there that these manufacturers were experiencing in regard to their hosiery yarns? A. I think at that time that mercerised yarn of the kind used in hosiery, which is warp mercerised yarns, was not produced in Canada and that they had been buying these from the United States; that the difference in exchange caused by the conditions, going off the gold standard and so

"Starting at $4.00 and taking the American Exchange at 16% on the coarser counts that we use in hosiery 24/30 S-ply there is a difference of about 10%. Considering the overhead too as it is, 24/28% it will probably make a difference of 15 to 20%. I told the Hosiery Mfg. Co., that unless we could obtain some arrangement I thought the best plan, and probably the plan we would adopt, would be an effort by which all the hosiery manufacturers would group together and make arrangements with a good English manufacturer and make arrangement to carry stocks in Canada to supply this demand. I might say that I consider it of time importance in manufacturing hosiery to have the yarns used in them stocking from the same manufacturer and same manufacturing same same process. If we do not adhere to this plan we will have a variation of colours in our stockings which is costly and very detrimental to the quality of the goods."

I want to get from you what the difficulty was there that these manufacturers were experiencing in regard to their hosiery yarns? A. I think at that time that mercerized yarn of the kind used in hosiery, which is warp mercerized yarns, was not produced in Canada and that they had been buying them from the United States and the difference in exchange added to the duties, made it expensive to us.

on - I am just reading the first part of the letter - this supply was likely to be changed.

Q. Was there a customs duty on this yarn?

A. I would like to look that up. Could I see the back book?

Q. I would like to know?

A. As a matter of fact the result of this thing was that the Aberfoyle Mfg. Co. put a factoyy up in Canada where they employed nearly 100 people, and they buy all their raw material in England, all their yarns in England.

Q. They what? A. They buy all their yarns in England. They buy their yarns for mercerising in England. They put a factory up in Canada and they employ 100 people there.

BY THE COMMISSIONER: Q. Where is the factory?

A. The factoyy is at Guelph. No doubt negotiations went on for some time.

BY MR. McKUEN: Q. Was the customs duty on these yarns in addition to the difference in the rate of exchange? A. I will just look that up. I don't think they were but we will just examine it. 522D, sir, was the tariff item in effect at that time.

"Yarns of warps wholly of cotton mercerised from 40s and finer imported by manufacturers to be further manufactured in their factories", it is free from all countries and it was put into effect on September 17th, 1930 - Oh, effective February 17th, 1928, I am sorry.

Q. Then, the next paragraph I want to know a little more about.

on - I am just reading the first part of the letter - this supply was likely to be changed.

Q. Was there a customduty on this yarn?

A. I would like to look that up. Would I see the [illegible]

Q. I would like to know?

A. As a matter of fact the result of this thing was that the Dartmouth Mfg. Co. put a factory up in Canada where they employed nearly 100 people, and they buy all their raw material in England, all their yarns in England.

Q. They what? A. They buy all their yarns in England. They buy their yarns for materials in England. They put a factory up in Canada and they employ 100 people there.

BY THE COMMISSIONER: Q. Where is the factory? A. The factory is at Guelph. No doubt negotiations went on for some time.

BY MR. MOLOUGH: Q. Was the customs duty on these yarns in addition to the difference in the rate of exchange? A. I will just look that up. I don't think they were but we will just examine it.

Q. Sir, was the tariff item in effect at that time.

"Yarns of warps wholly of cotton mercerized from 40s and finer imported by manufacturers to be further manufactured in their factories", it is free from all countries and it was put into effect on September 17th, [illegible] - Mr. Ritchie's memorandum 17th.

1928. I am sorry.

Q. The next witness I want to know a

little more about.

"While in New York I had the pleasure of meeting Mr. Laurence Mayer, of Julius Kayser & Co., to whom I explained what we had done at the last meeting, also explained as far as I knew that prices were being maintained. We expressed the opinion that we should have another meeting and see if we could not raise the price somewhat owing to the present condition of exchange."

Why would it be necessary for them to meet to raise the price? A. At this time there was a tremendous amount of distrubance in the trade because of the changes in exchange, and I think it was agitating everybody else, that their raw materials had increased very substantially and they were all discussing prices.

Q. What I am asking is, why was it necessary to meet in order to raise the price? He is suggesting that you better have another meeting. If your prices were not fixed by meeting, why was it necessary to have a meeting to raise the price?

A. I think at this time some of the mills did discuss their prices with each other. I think it has reference possibly to branded lines, to their high-priced stock. This is a letter to me; I don't really remember what the circumstances were.

Q. Yes, but the point I am getting at is not so much what the circumstances were but why it was necessary to meet in order to raise the price. The manufacturers' prices of raw material had gone up.

[illegible]

While in the view I had the pleasure of meeting [illegible], of Indian Lumber [illegible] to whom I explained what we had done at the last meeting, also explained as far as I knew what prices were being maintained. We endeavoured [illegible] see if we could not raise the price somewhat [illegible]

Why was it necessary for them to meet to raise the price? A. At this time there was a tremendous amount of disorder in the trade because of the [illegible] exchange, and I think it was [illegible] but increased very substantially and they were all [illegible]

Q. What I am asking is, why was it necessary to meet in order to raise the price? He is suggesting that you better make another meeting. [illegible] A. I [illegible] that prices with each other. I think it was [illegible] prices. This is a letter to me; I don't really remember what the circumstances were.

Q. Yes, but the point I am getting at is [illegible]

[illegible]

Why couldn't they run their own business instead of having a meeting? A. Why, I would take it they would meet together to discuss the raw material situation and whether increased prices were necessary.

Q. That is not whatthis gentleman is saying at all; what he says-- A. It is his wording.

Q. Mr. Mayer, the writer said, had - "He expressed the opinion that we should have another meeting and see if we could not raise the price somewhat owing to the present condition of exchange".

A. I am not sure what he refers to there.

Q. When you meet with these gentlemen and you all sit around the table, and you were the secretary, did you pay any attention to what they were saying? A. I paid a fair amount of attention to what they were saying.

Q. We don't seem to be able to get much. Now, the next letter I refer to is a circular letter, my lord, from Douglas Hallam to the Broad Silk Section dated May 21st, 1932.

THE COMMISSIONER: A letter from?

MR. McRUER: Mr. Hallam.

THE WITNESS: It is a circular letter from myself, Douglas Hallam, to the Broad Silk Section.

BY THE COMMISSIONER: Q. To all the members of the section? A. The members of the Broad Silk Section, sir.

MR. McRUER: "There seems to be an impression"--

thy country they run their as business instead of having a meeting?" Q. "Yes, I found them in they would most therefore to preserve the the natural situation and western lumber and prices were [illegible].

Q. That is not whatever continues in action as all; what he does-- A. It is his working.

Q. Yes, the rulers will, but - "In expressing the opinion that we should have another meeting and see if we could not raise the price somewhat owing to the present condition of commerce".

A. I am not sure what he refers to there.

Q. When you meet with these gentlemen and you all sit around the table, are you more the secretary and you pay any attention to what they were saying?

A. I paid a fair amount of attention to what they was were saying.

Q. He doesn't seem to be able to get them. "In the next letter I refer to is a circular letter, Mr Lee, from Douglas Fellows to the Grand Milk Section dated Dec. Lee.

Mr Lee introduces a letter from

Mr. Lawrence to Mr. Mullen.

MR. MCCARTHY: It is a circular letter from Wendell Douglas Fellows, to the Grand Milk Section.

BY MR. MCCARTHY: Q. To kill the members of the section? A. The members of the Grand Milk Section, yes.

MR. MCCARTHY: "Have kept it on at Lawrence"--

THE COMMISSIONER: Just a minute, that will be Exhibit 606.

EXHIBIT 606: Circular letter dated May 21st, 1932 from D. Hallam to Broad Silk Section.

MR. McRUER: "There seems to be an impression in the trade that silk mills are over-producing. The writer does not know if this is a fact or not. Buyers sense over-production and hold off buying for two reasons (a) fear they will buy wrong (b) pleasure in jockeying forlower prices. Is there over-production? If so, is there a cure? How about a shut-down for an agreed period? Could anything be done about night shifts? Would you attend a meeting to discuss this matter? The same situation some time ago faced the full fashioned hosiery industry. They contemplated an all round shut-down for a month. Before doing so other measures were adopted which cured the situation and no shut-down was necessary. Any opinion you express on this matter will be treated as confidential."

Now, can you tell me what the method was that the other mills adopted, the hosiery mills adopted, that cured the situation? A. Yes, I think I can tell you that.

Q. What was it? A. Full fashioned hosiery is an all year round proposition; that is to say, full fashioned hosiery has not a seasonal production, a seasonal sale. There is a slight peak around christmas time, but it is not seasonal in

Mr. Lewis: "There seems to be an impression in the trade that silk mills are over-capitalized. The writer does not know if this is a fact or not. Where some over-production and bold off buying for two reasons (a) that they will buy strong (b) pleasure in securing further prices. Is there over-production? If so, is there a court that shut a shut-down for an agreed period? Could anything be done about night selling? Can a stand a method to increase this market? The same situation some time ago faced the full fashioned hosiery industry. They contemplated an all round shut-down for a month. Before any so other measures were adopted which cured the situation and no shut-down was necessary. Any suggestion you express on this matter will be treated as confidential."

Mr. Can you tell me what the method was that the silk mills adopted, the hosiery mills adopted, that saved the situation? A. Yes, I think I can tell you that.

Q. What was it? A. Full fashioned hosiery is an all year round proposition; that is to say, full fashioned hosiery has not a seasonal [illegible]. [illegible] various lines, supplying our customers in

production or sales the same as the other classes of hosiery. When the mills who were producing other classes of hosiery went into the full fashioned hosiery business they operated their mills on the same plan as they had for other classes of stockings. That is to say, they went ahead and produced for two selling peaks in the year. I talked over the matter with all the mills and finally brought to their attention that that was not sound business practice; the conditions of sale of hosiery, that it was a steady business all the year through and that it would be extremely wise for them to budget their production on about 6 to 8 weeks' supply. That is to say, in order to keep their mills running steadily and not have very busy periods and then very slack periods, throwing people out of employment and taking them back on again, to regulate their production, budget it on their sales.

Q. You got them all agreed to that?

A. Pretty well.

Q. You must have because you see in this letter you said that they had been faced with the proposition of a shut-down. They considered whether they would have a general shut-down?

A. That is correct.

Q. And you got them to agree to budget their production? A. It was not so much an agreement as an--

Q. Understanding? A. Well, I talked to them for several months on the proposition and finally

got them to agree that it was a reasonable thing to do.

Q. Not only that it was a reasonable thing to do, but to do it?

A. Well, the figures will show, sir, that sometimes they run over and sometimes they run under.

Q. Oh yes, but to do it substantially?

A. Do it substantially, correct, sir.

Q. So that not only in the hosiery trade did you have price agreements but you had an agreement on production; you seem to have got them fairly well organized. You got the production budgeted, we will putit that way? A. We got the production budgeted, a perfectly sound thing.

Q. That is a gentle word?

MR. KELLOCK: That is the correct word.

MR. McRUER: Oh, a good word. Now, the next letter I show you is from yourself to Mr. Bonneville; Mr. Bonneville was Belding-Corticelli?

A. I am not sure - what date is that, sir?

Q. He had just signed the previous Belding-Corticelli letter that we had a moment before?

A. No, he had left by this time.

Q. Where had he gone by this time?

A. He was starting up a mill of his own, sir.

Q. Bonneville Smith Limited?

A. Yes, he is dead now, poor fellow.

Q. This is from yourself to Mr. Bonneville and is dated December 12th? A. Yes, he was the chairman of the full fashioned hosiery section at

get them to agree that it was a reasonable thing to do.

Q. Not only that it was a reasonable thing to do, but to do it?

A. Well, the figures will show, sir, that sometimes they run over and sometimes they run under.

Q. Yes, but to do it constructively?

A. In it essentially, or just, etc.

Q. So that not only in the hosiery strike did you have price agreements but you had an agreement on production; you meant to have just them fairly well organized. You got the production regulated, so still profit was kept A. Yes, the production regulated, a perfectly sound thing.

Q. That is a sound point.

Mr. MOSS: Yes, a good word. Now, the next letter I show you is from Y ours if to Mr. Bonnevillo; Mr. Bonneville was meeting-Ottawa?

A. I am not sure - what date is that, sir?

Q. He had just signed the private Meeting-Ottawa? Letter that we had a moment before?

A. Yes, he was left by this time.

Q. There has be gone by this time?

A. He was getting up a mill of himself, sir.

Q. Bonnevile mills (Quebec)

A. Yes, he is sent now, just follow.

Q. This is from Y ours if to Mr. Bonnevile and is called Bonnevier list? A. Yes, he was the chairman of the full Investigation Bonnevi meeting as

this time.

Q. "There is one thing I would like to know, in confidence, if you can see your way clear to telling me. I was informed that it was a practice of your old firm to sell their branded lines at a discount off your regular price list by shipping an additional number of dozens over the amount ordered free, or by not charging for so many dozen in a shipment. It was suggested to me that while minimum prices were charged to Reitman's on hose which were not trademarked, such bonuses were allowed on branded ~~xx~~ lines, and this enabled him to sell the unbranded lines at very low prices. I would just like to check up on this story. I saw Mr. Thompson in Toronto on Saturday afternoon, and believe that everything is O.K. in that quarter. We are following up Mr. Mitchell immediately."

Mr. Mitchell must have been doing something naughty and Mr. Thompson had been straightened out. That is not Mr. Mitchell up in Clinton, is it, or Kincardine? A. Kincardine, yes.

Q. Up in Kincardine; apparently the criticism that had come to you here was that the Belding-Corticelli Company while maintaining the minimum prices had been putting in a few extra stockings and giving a little bonus with them? A. No. As a matter of fact, sir, there had been a rumour or story, which I did not like running around in the trade that Belding-Corticelli were over-coming the

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Q. There is one thing I would like to know, in connection, if you can see your way clear to telling me. I was informed that it was a transfer of your old firm to still their bonded liens on a bond out your respondent was by stripping to artificial number of dresses over the counter covered free, or by not charging the so-only those in a guarantee. It was suggested to me that valid minimum prices were charged to Saltman's on these which were not transmitted, such lumber that allowed on bonded on lines, and this enabled him to sell the cotton lines at very low prices. I would just like to clear up on this story. I mean Mr. Thomson in Toronto on Monday afternoon, you believe that everything is O.K. in the quarter. . . . are following up it. Without immediately."

Mr. Rothwell must have been doing something wrong and Mr. Thomson had been astonished out. . . . He is with Mr. Rothwell up in Saltman, in Ln. or Toronto, Ln. Thomson's, yes.

. Mr in Thomson; incorrectly the outlook that has come to you here was that the Saltman-Rothwell company while maintaining the minimum price has been getting in a few extra on dresses and giving a little change with them?

A. Mr. . . . a matter of fact, all there was was a change in every, which I did not like the price of it the

sales tax regulations by putting in extra dozens and so on and I went after them on that.

Q. In other words, you were trying to help the government collect the sales tax; that is your altruistic view? A. No, I wanted to kill that story because it was a perfectly unfounded story.

Q. Now, Mr. Hallam, let us see what you are saying to this. There are some things that we are like the public of Canada in; we can hardly swallow everything. Take what you are saying to this man. "There is one thing I would like to know "in confidence, if you can see your way clear to telling me. I was informed that it was a practice of your old firm to sell their branded lines at a discount off your regular price list by shipping an additional number of dozens over the amount ordered free, or by not charging for so many dozen in a shipment. It was suggested to me that while minimum prices were charged to Reitman's on hose which were not trademarked, such bonuses were allowed on unbranded lines , and this enabled him to sell the unbranded lines at very low prices." Now, you say you were trying to get that information to help collect the sales tax?

A. No, I didn't say help to collect the sales tax.

Q. To find out whether they were paying the sales tax - you were trying to find out whether they

were getting around your minimum prices; that is what it was? A. Let me see that 1932 document again.

BY THE COMMISSIONER: Q. Can you not answer that question? A. Well, I am not certain.

Q. You just heard your letter read?
A. I think there were two things in that.

Q. BY MR. McRUER: Well, give us them both, then. You have given us the sales tax as one. Tell us the other? A. These stories were going around although at that time Belding-Corticelli had agreed with me that they would notify me on any prices.

Q. That they would notify you before selling at the minimum prices set out in that agreement?
A. Yes, set out in the memorandum.

THE COMMISSIONER: You mean before selling below the minimum price?

MR. McRUER: Yes. What you were checking was as to whether they were putting any more in the box than they ought to? A. Mr. McRuer, I was satisfied they were not doing it but I wanted to check up that story.

Q. All right, you were checking up ; the complaint that had come to you was that they were putting more in the box?
A. The story I had was that the sales tax people had sat on them for doing so.

BY THE COMMISSIONER: Q. Who gave you that story?
A. I cannot tell you now, sir.

getting money for drawing purposes; that is what it was?

A. Let me see that page

(Handing paper.)

MR. DARROW: Q. Do you not remember that question?

A. Well, I am not certain.

Q. Did you have your letter ready?

A. I think there were two things in that.

Q. MR. MORROW: Well, give us them both. Now. You have given us the order took as one. Will you the great?

A. These stories were going around although on that time Bolshevik-Soviet had agreed with me that they would supply me as a policeman.

Q. That they would modify you before hand.

At the minimum prices set out in that agreement?

A. Yes, set out in the memorandum.

THE CHAIRMAN: You mean before selling below the minimum price?

A. Answer: Yes. That you were shuttling back and forth to whether they were selling any more in the two. Now they could not

A. Yes, I understand they were not doing it but I wanted to cross my last story.

Q. All right, you were cross-ing up; the complaint has come to you was that they were selling more in the east?

A. The story I have read that to a the two people in set on them for selling so.

BY MR. DARROW: Q. Do you your that story?

A. I don't tell, I know, sir.

Q. You did not mention that in your letter?
A. No, I did not mention that. It was not according to fact.

Q. You don't know who told you that?
A. No, I got it from two or three sources.

BY MR. McRUER: Q. Here is what you say in your letter: "It was suggested to me that while minimum prices were charged to Beitman's on hose which were not trademarked, such bonuses were allowed on branded lines". A. Right.

Q. "This enabled him to sell the unbranded lines at very low prices." Do you mean to suggest that the sales tax people had been going in and investigating that and then complaining to you about it?
A. No, they had not been doing that but the story running in the trade was that that had been the case.

Q. But the thing that really bothered you was the fact that they were selling below the price that had been agreed to, the minimum price?
A. No, the thing that bothered me was that this firm had undertaken to notify me if they sold lower than the prices they had given me. That is quite correct, but I had satisfied myself pretty well on that, but I did not like this report, which was unfounded, running through the trade and I wanted to get that right.

Q. The nasty report? A. Yes.

Q. You wanted to look after Belding-Corticelli's good name and see that no reflection was cast on them

Q. You did not mention that in your letter.

A. No, I did not mention that. It was not correct to that.

Q. You don't know who told you that?

A. No, I got it from two or three sources.

MR MR. MORRIS: Q. Here is what you say in your letter: "It was suggested to me that which minimum prices were observed to Lorenzo's on that day, so we had investigated, such bonuses were allowed on Pressed Flows". M. Right.

Q. "This enabled him to sell the undersized flows at very low prices." Do you mean to suggest that the sales our people had been able to our investigation that and then complaining to you about it?

A. No. They had not been telling that but the story involving it the issue was that had been the case.

Q. But the thing that really bothered you was the fact that they were selling below the price that had been agreed to, the minimum price?

A. Yes, the thing that bothered me was that this firm had a reputation to sell by so if they sold lower than the prices they had given us. That is quite correct, but I had mentioned specifically well on that, but I did not like this report, which was unfounded, running through the trade and I wanted to get that right.

Q. THE MAIN ISSUE? — 1970

A. The main issue was [illegible]

and so you wrote to their discharged manager, or their retired manager, not discharged, he had left their employ-- A. Started a mill himself.

Q. You wrote him to get the low-down on it? A. Correct.

THE COMMISSIONER: Just a minute, that is a letter to this former employee?

MR. McRUER: Yes.

THE COMMISSIONER: Is that the one you gave as Exhibit 606?

MR. McRUER: This has not been marked yet.

THE COMMISSIONER: What is the date of it?

MR. McRUER: December 12, 1932, from Mr. Hallam to J.A. Bonneville.

THE COMMISSIONER: It will be 607.

EXHIBIT 607: Letter dated December 12th, 1932 from D. Hallam to J.A.Bonneville.

BY MR. McRUER: Q. Then, the last paragraph, you go on to say: "I saw Mr. Thompson in Toronto on Saturday afternoon and believe that everything is O.K. in that quarter. We are following up Mr. Mitchell immediately" Now, what was the trouble with Thompson? A. I don't know which Mr. Thompson it means. There are two Mr. Thompsons.

Q. I know, but what would be the trouble you had to see him about and everything was O.K. in that quarter and you had to follow up Mr. Mitchell about something? A. I cannot tell you what that is.

Q. You have no idea, Mr. Hallam?

and so you set to in that anchored manner, or their
retired manner, not disorderly, he had left their
employ—

A. Leaving a will himself.

Q. You wants him to get the law-down on it?

A. Yes.

[illegible] that a lady, [illegible]

Q. This former employer?

Mr. [illegible]: Yes.

THE COMMISSIONER: Is that why you gave up
[illegible] work?

Mr. [illegible]: This has not been working yet.

THE COMMISSIONER: What is the work of it?

Mr. [illegible]: December 14, 1928, from Mr. [illegible]
[illegible] proposition.

THE COMMISSIONER: It will be [illegible].

[illegible] 607: Letter dated December 18th, 1928
from T. Eaton Co. to [illegible].

BY MR. [illegible]: Q. Then, the last paragraph, I'm
go on to say: If ever Mr. Thompson is [illegible] or
seriously attempts and believes that everything is ...
in that quarter. We are fulfilling up Mr. [illegible]
[illegible] Now, what was the [illegible]
[illegible]?

A. I don't know which Mr.
[illegible] Mr. [illegible]

Q. I know, but what [illegible] the trouble you
had to see his [illegible] and everything was [illegible]
[illegible] that and you had to [illegible] Mr. [illegible] about
[illegible]?

A. I cannot tell you what
[illegible].

Q. [illegible]

A. No, I cannot tell you back that long.

Q. Well, reading from the context of your letter I would say it is a complaint similar to that which had come in about Belding-Corticelli?

A. Not necessarily; I don't really know what that means, Mr. McRuer.

BY THE COMMISSIONER: Q. Who is the other man that is mentioned, Mitchell?

A. Mr. Thompson.

Q. After that? A. Mr. Mitchell.

Q. What had he done?

MR. McRUER: "We are following up Mr. Mitchell immediately".

BY THE COMMISSIONER: Q. What had he done?

A. I cannot tell you, sir, at this date; I cannot tell you what that is.

BY MR. McRUER: Q. You have no correspondence that would clear up what the complaint was, any correspondence with Mr. Mitchell or anything like that that would hip us on it?

A. I don't think Mr. Mitchell was making the ~~xxxxx~~ returns on production and sales and so on. We had somedifficulty in getting all these people to make these return.

Q. He was not obeying the laws and you were sort of a policeman, apparently?

A. He was not co-operating on putting in returns. You will find that he does not even today, that Mitchell is left out there, that Circle Bar is not in the returns.

Q. No, I cannot tell you a book that long.

Q. Well, reading from the contents of your letter I would say it is a document similar to that which had come in about Mitchell-Hepburn?

A. It is necessarily; I don't really know what that means, Mr. Chairman.

BY THE COMMISSIONER: Q. Who is the other man that is mentioned, Mitchell?

A. Mr. Mitchell.

Q. After that? A. Mr. Mitchell.

Q. What had he done?

MR. HOWLAND: You are talking, Mr. Mitchell, [illegible].

BY THE COMMISSIONER: Q. What had he done?

A. I cannot tell you, sir, at this date; I cannot tell you what that is.

BY MR. MONTGOMERY: Q. You have no correspondence that would clear up what the complaint was, any correspondence with Mr. Mitchell or anything like that that would help us on it?

A. I don't think Mr. Mitchell was making the same returns on production and sales and so on. He had difficulty in getting all these people to make the re return.

Q. He was not obeying the laws and you were part of a policeman, apparently?

A. He was not co-operating in putting in returns. You will find that he does not even today, that actually is not the case, but given any [illegible]

Q. I show you what appears to be a memo - probably you can tell me the purpose of it - dated 19th of October, 1934, marked "confidential".

THE COMMISSIONER: Whose document is it?

MR. McRUER: It is not signed, my lord.

Q. What is this - a memo that you sent out to the trade? A. I think that went to one of the banks.

THE COMMISSIONER: Q. From you? A. Yes, from me. I think that a bank asked me for a report and this is the report I sent them. The banks had asked me for information.

EXHIBIT 608: Memo marked "Confidential", dated October 19, 1934. Re Silk Industry.

THE WITNESS: Just let me check it to make sure. Yes, that was sent to a bank.

MR. McRUER: Q. Well, there is just a referance to quotation from Mr. John Cowling's speech that I am interested in. It reads as follows:

"The situation facing this branch of the industry in Canada was set out by Mr. John Cowling, of Montreal, past president of the Silk Association of Canada, in his Annual Address, delivered on June 2nd, 1934, as follows:"

and he goes on ---

A. Will you let me have a copy of that?

Q. And this paragraph that I am particularly anxious that we consider:

Q. I show you what appears to be a memo - probably you can tell me the purpose of it - dated 19th of October, 1934, marked "confidential".

MR. MONDER: It is not signed, my lord.

Q. What is this - a memo that you sent out to the trade? A. I think that went to one of the banks.

THE COMMISSIONER: Q. From you? A. Yes, from me. I think that a bank asked me for a report and this is the report I sent them. The banks had asked me for information.

EXHIBIT 838: Memo marked "Confidential", dated October 19, 1934, re Silk Industry.

THE WITNESS: Just let me check it to make sure. Yes, that was sent to a bank.

MR. MONDER: Q. Well, there is just a reference to quotation from Mr. John Cowling's speech that I am interested in. It reads as follows:

"The situation facing this branch of the industry in Canada was set out by Mr. John Cowling of Montreal, past president of the Silk Association of Canada, in his annual address, delivered on June 2nd, 1934, as follows:"

Q. Will you let me have a copy of that?

Q. And this passage that I am particularly

"Prior to the warning by the President, and possibly subsequent to it, more looms were imported and installed by the Broad Silk Group. As some of the mills were working three shifts a day and some two shifts, the productive capacity outran the market. It would appear to be necessary that this group of mills curtail production and that no more machinery be installed until this situation has righted itself. We understand that curtailment of production is under way. The curtailment necessary has been variously estimated at from 10 to 20 per cent." This was an address given by the President of the Silk Association? A. No, that was not contained in that. This is my report. That part you are reading now is my report.

Q. Report of what the President said?

MR. KELLOCK: The quotation marks ceased a long time before that.

THE WITNESS: The quotation marks ceased a long time ago. This is the end of the quote and this is mine.

MR. McRUER: Q. I beg your pardon but, at any rate, this is your statement? A. Corredt.

Q. That curtailment of production had been affected? A. No, we say, "We understand the curtailment of production is under way."

Q. What you say is: "It would appear to be

prior to the warning by the trade auth and probably subsequent to it, more looms were imported and installed by the broad silk group. As some of the mills were working three shifts a day and some two shifts, the productive capacity outran the market. It would appear to be necessary that this group of mills curtail production and that no more machinery be installed until this situation has righted itself. We understand that curtailment of production is under way. The curtailment necessary has been variously estimated at from 10 to 50 per cent. This was an address given by the President of the Silk Association? A. No, that was not contained in that. This is my report. That part you are reading now is my report.

Q. Report of what the President said?

MR. KELLOCK: The quotation marks ceased a long time before that.

THE CHAIRMAN: The quotation marks ceased a long time ago. This is the end of the quote and this is mine.

MR. MORDEN: Q. I beg your pardon but, at any rate, this is your statement? A. Correct.

Q. That curtailment of production had been already? A. No, we say, "We understand curtailment of production is under way."

Q. Now you say: "It would appear to be

necessary that this group of mills curtail production and that no more machinery be installed until this situation has righted itself. We understand that curtailment of production is under way. The curtailment necessary has been variously estimated at from 10 to 20%."

How did you understand that curtailment was under way? A. I had been given the information that certain mills had curtailed production.

Q. Now, we come to another letter dated October 17th, 1935, copy of a letter from Mr. Hallam to Mr. Marx.

THE COMMISSIONER: What was Mr. Marx' capacity at that time?

MR. McHUGH: He was chairman of the Broad Silk Section.

THE WITNESS: I am not sure of that date. What date is that?

Q. October 17th, 1935? A. Yes, at that date he was chairman of the Broad Silk Section.

EXHIBIT 609: Copy of letter dated October 17, 1935 from Mr. Hallam to Mr. J.H. Marx.

"Please accept my thanks for your letter of October 16th.

It is extremely doubtful if any useful work can be done at Ottawa until the Cabinet is formed. My reports are that Ottawa is filled with people seeking preferment and jobs, and that the air will not clear until the Cabinet is sworn in.

necessary that this group of mills curtail production and that no more machinery be installed until this situation has righted itself. We understand that curtailment of production is under way. The curtailment necessary has been variously estimated at from 10 to 50%."

How did you understand that curtailment was under way? A. I had been given the information that certain mills had curtailed production.

Q. Now, we come to another letter dated October 17th, 1929, copy of a letter from Mr. Hallam to [illegible].

THE COMMISSIONER: What was Mr. Hatz' capacity at that time?

MR. MOTHER: He was chairman of the Broad Silk Section.

THE WITNESS: I am not sure of that date. What date is that?

Q. October 17th, 1929? A. Yes, at that date he was chairman of the Broad Silk Section.

EXHIBIT 898: Copy of letter dated October 17, 1929 from Mr. Hallam to Mr. [illegible].

"Please accept my thanks for your letter of [illegible].

It is extremely doubtful if any useful work can be done at Ottawa until the Cabinet is formed. My reports are that Ottawa is filled with people seeking preferment and jobs, and that the air

"As soon as the new Minister of Finance is appointed we will get in touch with him to check over the exact standing of the hearing on acetate and viscose yarns which are slated to come before the Tariff Board on December 3rd after the hearing on cotton yarns and fabrics, and artificial silk and mixture fabrics has been heard.

The immediate difficulty is the Japanese situation in regard to the currency dumping duties. I have taken what steps are possible to bring pressure from England through the Channels we used before. The exact point here is that although we would like to see the surtax of 33 1/3% taken off raw silk, we certainly don't want the currency dumping legislation taken off the Japanese goods unless a measure of equal strength replaces it. The difficulty is this:

The currency dumping legislation is provided for by Act of Parliament and can only be altered by Act of Parliament, but it is not put into effect unless the value of the currency of any particular country is proclaimed by Order-in-Council. There is an Order-in-Council proclaiming the value of the yen to be 41.51 cents. If this Order-in-Council is withdrawn, which can be done at any time, then there is no currency dump on Japanese goods.

"As soon as the new Minister of Finance is appointed we will get in touch with him to arrange the exact standing of the hearing on cotton and viscose yarns which are slated to come before the Tariff Board on December 3rd after the hearing on cotton yarns and fabrics, and artificial silk and mixture fabrics has been heard.

The immediate difficulty is the Japanese situation in regard to the currency dumping duties. I have taken what steps are possible in bringing pressure from England through the channels we used before. The exact point here is that although we would like to see the surtax of 33 1/3% taken off raw silk, we certainly don't want the currency dumping legislation taken off the Japanese goods unless a measure of equal strength replaces it. The difficulty is this:

The currency dumping legislation is provided for by Act of Parliament and can only be altered by Act of Parliament, but it is not put into effect unless the value of the currency of any particular country is proclaimed by Order-in-Council. There is an Order-in-Council proclaiming the value of the yen to be 41.31 cents. If this Order-in-Council is withdrawn, which can be done by any time, then there is no currency

Another point that will have to be watched immediately is the negotiations with the United States. So far the offer that was made to them was the intermediate tariff, which I do not think would hurt the silk mills. The point that will have to be watched carefully is whether they start to bargain on individual items.

At the moment my information for what is is worth is that any tariff adjustments will not be made until the budget, which is expected about next March,"

Well, your information was not worth much? A. No, this is gossip, sir.

Q. "but there is a possibility that any fixed values on imports placed by Order-in-Council may be removed. The only one I know of which might affect the silk trade is the fixed values on dresses from the United States.

It is too early yet to get any real picture of the trend of events until the heat of e election talk has had time to cool down."

Now, there are one or two things I want to get from you in connection with this letter and the first is, you say in this letter: "I have taken what steps are possible to bring pressure from England through the channels we used before." What were the channels through which you brought pressure from England before in respect to the currency dumping

Another point that will have to be watched immediately in the negotiations with the United States. So far the offer that was made to them was the intermediate tariff, which I do not think would hurt the silk mill. The point that will have to be watched carefully is whether they start to bargain on individual items.

At the moment my information for what it is worth is that any tariff adjustments will not be made until the budget, which is expected about next March."

Well, your information was not worth much? - No, this is goodly, sir.

"But there is a possibility that any fixed values on imports placed by Order-in-Council may be removed. The only one I know of which might affect the silk trade is the fixed values on dresses from the United States.

It is too early yet to get any real picture of the trend of events until the back of the election talk has had time to cool down."

Now, there are one or two things I want to get from you in connection with this letter and the first is, [illegible] are possible to bring pressure from England through the channels we used before." What were the channels through which you brought pressure from

duties? A. The cotton people of England.

Q. The cotton people in England? A. Yes.

Q. How did you use them to bring pressure on the Government? A. The English manufacturers of cotton goods have seen their markets in various countries taken over by the Japanese; and ---

Q. I don't want any speeches. I am asking you a very simple question and that is - how you used the pressure ---

MR. KELLOCK: He is telling you.

MR. McRUER: He is starting to tell me what the English manufacturers has seen about his markets, &c. I am asking how the pressure was applied.

MR. KELLOCK: The witness should be allowed to tell it in his own way.

THE COMMISSIONER: Q. You are referring to how you did it before? A. I took it up with the Cotton organization in England, who are extremely interested in the Canadian market, and they no doubt took it up with their people and it came through to Canada in the proper diplomatic channel.

Q. With what object? A. To maintain their market against the Japanese in this country. They are just as worried about it as we are.

MR. McRUER: Q. You say, "I have taken what steps are possible to bring pressure from England through the channels we used before." A. That is correct.

Q. The cotton people of England.

Q. The cotton people in England? A. Yes.

Q. How did you see them to bring pressure on the government? A. The English manufacturers of cotton goods have seen their markets in various countries taken away by the Japanese, and —

Q. I don't want any speeches. I am asking you a very simple question and that is - how you used the pressure ---

MR. KELLOCK: He is telling you.

MR. WORTH: He is starting to tell me what the English manufacturers has seen about his markets, &c. I am asking how the pressure was applied.

MR. KELLOCK: The witness should be allowed to tell it in his own way.

THE COURT REPORTER: Q. You are referring to how you did it before? A. I took it up with the Cotton organization in England, who are extremely interested in the Canadian market, and they in turn took it up with their people and it came through to Canada in the proper diplomatic channel.

Q. With what object? A. To maintain their market against the Japanese in this country. They are just as worried about it as we are.

MR. WORTH: Q. You say, "I have taken what steps are possible to bring pressure from England through the channels we used before." A. That is correct.

Q. I want to know what steps you took in the Fall of 1935 to bring pressure from England - what were the steps you took? A. I had already discussed the matter at great length with Mr. Hughes of the Cotton Industry in Great Britain and they are extremely disturbed over the situation there.

Q. Now, can you get your mind on my question. I am not asking how disturbed they are - I am asking you what steps you took to bring the pressure on the Government? A. They undertook to see their own people in England, explain the situation to them and it would come back through the proper diplomatic channels, to Canada. They would make representations, as I understand Mr. Hughes, through the proper channels in England, explain the situation of the cotton industry here, that they did not want this currency dumping duty taken off because it would increase cotton goods coming from Japan and take away goods from England.

Q. All right. Now, the next part of that paragraph: "The exact point here is that although we would like to see the surtax of 33 1/3rd per cent. taken off raw silk, we certainly don't want the currency dumping legislation taken off the Japanese goods unless a measure of equal strength replaces it."
Now, to divide that up a bit - the surtax of 33% on raw silk was operating to the detriment of the silk industry in Canada? A. Yes, it was operating.

Q. I want to know what steps you took in the fall of 1935 to bring pressure from England - what were the steps you took? A. I had already discussed the matter at great length with Mr. Hudson of the Cotton Industry in Great Britain and they were extremely disturbed over the situation there.

Q. Now, can you get your mind on my question. I am not asking how disturbed they are - I am asking you what steps you took to bring the pressure on the Government? A. They understood to see their own people in England, explain the situation to them and it would come back through the proper diplomatic channels, to Canada. They would make representations as I understand Mr. Hudson, through the proper channels in England, explain the situation of the cotton industry here, that they did not want this currency dumping duty taken off because it would increase cotton goods coming from Japan and take away goods from England.

Q. All right. Now, the next part of that paragraph: "The exact point here is what although we would like to see the duties of 35 1/3rd per cent, duties off raw silk, we certainly don't want the currency dumping legislation taken off the Japanese goods unless a measure of equal strength replaces it."

Now, to divide that up a bit - the duties of 35% on raw silk was operating to the detriment of the silk industry in Canada? A. Yes, it was operating.

Q. And the silk industry wanted it off? A. I think on the whole they would want it off.

Q. They were making demands? A. We never made any representations, I don't think ever.

Q. Here there was 33 and a third per cent. duty on the raw material of the mills? A. Correct.

Q. And the public of Canada were going to have to carry the burden of that, for one thing---

THE COMMISSIONER: Q. Where does this raw material come from principally? A. It was Japanese silk, raw material.

Q. You did not want the 33 and a third per cent. duty against that? A. No, sir, and it is only human that we should not. But between not wanting it and making representations on it are two different things.

MR. McRUER: Q. Would not you make representations if you did not want it? You had no trouble in making representations for what you want to the Government. I cannot find in any of the correspondence that you are at all delicate about that. If this duty affected your trade detrimentally why did not you tell the government that you would like it off? A. I think that is set out in other documents elsewhere.

Q. I am asking you to explain in the witness box - why did not you go and tell the government you would like it off? A. Because we did not

Q. And the silk industry wanted it off? A. I

[illegible]

Q. They were making demands? A. We never

made any [illegible]

Q. Here there was 35 and a third per cent

duty on the raw material of the milliner A. Correct

Q. And the public of Canada were going to save

to carry the burden of that, for one thing---

MRS CONNOLLOUGH: Q. Where does this raw

material come from principally? A. It was

Japanese silk, raw material.

Q. You did not want the 35 and a third per cent

duty against that? A. No, sir, and it is only

human that we should not. But between not wanting

it and making representations on it are two different

things.

MR. MERVIN: Q. Would not you make representations

if you did not want it? You had no trouble

in making representations for what you went to the

Government. I cannot find in any of the corres-

pondence that you are at all desirous about that.

If this duty affected your trade detrimentally why

did not you tell the government that you would like

it off? A. I think that is set out in

[illegible]

Q. I am asking you to explain in the witness

box - why did not you go and tell the government

you would like it off? A. Because we did not

think it was fair.

Q. What do you mean by that? A. And I think that is explained in documents that are on record.

Q. I am asking you to explain it.

BY THE COMMISSIONER: Q. Fair to whom? A. I do not think either fair to the Government or fair to the people in the west. The situation was this: the Japanese had put a surtax of 50% on certain Canadian products. They put the surtax on - the surtax was announedd on ---

MR. McRUER: 15th of July, that will do for our purposes.

BY THE COMMISSIONER: Q. You mean, Japanese surtax? A. No, the Japanese notified it on May 10th, 1935, and became effective on July 20th, and the Canadian Government announced surtax of 33 and a third per cent. on Japanese goods on July 22nd.

Q. Including this raw material of yours? A. Yes.

MR. McRUER: Q. To begin with the Japanese did not put their surtax on all? A. No, not on all, I said not on everything, I said on a portion.

Q. I was getting why you would not make representations to the Government pointing out the injury that this surtax was doing your trade? A. The Canadian Government put a surtax of 33 and a third per cent. on Japanese goods exported to Canada July 22nd. They notified them on July 22nd and became

think it was fair.

Q. What do you mean by that? A. And I think that is explained in documents that are on record.

Q. I am asking you to explain it.

[illegible] Q. Fair to whom?

A. [illegible] fair to the people in the country.

[illegible] was only: [illegible] certain economic problems.

Q. - the matter was announced on ---

[illegible] Q. Well, they will be for our [illegible].

BY THE COMMISSIONER: Q. You mean, Japanese [illegible]? A. Yes, [illegible] on May 10th, 1926, and became effective on July 20th, and the Canadian Government announced a rate of 32 and a third per cent, on Japanese goods on July 23rd.

Q. Including this raw material of yours?

A. Yes.

[illegible] Q. [illegible] all our [illegible] A. No, not on [illegible]. I mean [illegible]. I will [illegible].

Q. I was getting why you would not make representations to the Government pointing out the injury that this matter was doing your trade? A. The [illegible] Q. [illegible] A. [illegible] Q. [illegible]

effective on August the 5th. The surtax was made effective on raw silk, Japanese raw silk, whether it came direct to Canada from Japan or via the United States or any other way, and the Japanese are very touchy on their raw silk position because of the movement of artificial silk replacing it.

Q. And the silk mills are very or a bit touchy about that too? A. And we are very touchy about that too and because of that the one method of having Japan pause and think about their 50% surtax it would not be fair to ask to take that off.

BY THE COMMISSIONER: Q. And you did not ask to have it taken off? A. No, we did not ask.

MR. McRUER: Q. You say here you would like to have it off? A. I think you will find that in my correspondence.

Q. You say you would like to have it off? A. We would, it is only human nature.

Q. "we certainly don't want the currency dumping legislation taken off the Japanese goods unless a measure of equal strength replaces it." That is, that no concession should be made to Japan? A. That is correct.

Q. That was your attitude, no concession? A. Yes.

Q. Did not make any difference if the Canadian producers who sold to Japan were completely excluded from the Japanese market, your attitude was - no

effective on August the 5th. The system was made effective on raw silk, Japanese raw silk, whether it came direct to Canada from Japan or via the United States or any other way, and the Japanese are very touchy on their raw silk position because of the movement of artificial silk replacing it.

Q. And the silk mills are very or a bit touchy about that too? A. And we are very touchy about that too and because of that the one method of dealing [illegible] would not be fair to ask to take that off.

BY THE COMMISSIONER: Q. And you did not ask to have it taken off? A. No, we did not ask.

MR. MORDEN: Q. You say here you would like to have it off? A. I think you will find that in my correspondence.

Q. You say you would like to have it off? A. We would, it is only human nature.

Q. "We certainly don't want the currency dumping legislation taken off the Japanese goods unless a measure of equal strength replaces it." That is, that no concession should be made to Japan? A. That is correct.

Q. That was your attitude, no concession?

A. Yes.

Q. Did not make any difference if the Commission [illegible] no

surrender? A. No, I would not say that, we did not want it taken off - we would like to have silk in without the surtax and would like to have the currency dumping maintained.

Q. There is another matter you make rather clear in this letter and that isthe fact of the negotiations with the United States? A. Yes.

Q. "Another point that will have to be watched immediately is the negoti tions with the United States. So far the offer that was made to them was the intermediate tariff, which I do not think would hurt the silk mills. The point that will have to be watched carefully is whether they start to bargain on individual items."

That I want to know first is how you knew what offer the Canadian Government had made to the United States.

THE COMMISSIONER: 16th of October?

MR. McRUER: This is 17th of October, 1935,

Q. I say, how did you know that the Camdian Government had made an offer of the intermediate tariff to the United States? A. I think that can be explained. If anything further than the intermediate tariff had been offered to the United States there would have been negotiation. They came under the Ottawa Agreement, there had to be negotiations --

Q. You are making statements here - "So far the offer that was made to them was the intermediate tariff," which would indicate that you knew

Parenthesis A. No, I would not say that, we did not want it taken off - we would like to have silk in without the surtax and would like to have the currency discussion satisfactory.

Q. There is another matter you make reference to in this letter and that is the last of the negotiations with the United States? A. Yes.

Q. "Another point that will have to be considered immediately is the negotiations with the United States. So far the offer that was made to them was the intermediate tariff, which I do not think would work the silk mills. The point that will have to be watched carefully is whether they start to bargain on individual items."

Now I want to ask you first of all you have spoken of the Canadian Government had made to the United States.

THE COMMISSIONER: 16th of October?

MR. MORGAN: This is 17th of October, 1930.

Q. I say, how did you know that the Canadian Government had made an offer of the intermediate tariff to the United States? A. I think that was in explained. If anything further when the Imperial Parliament was about adjourned, the Imperial Parliament would have been negotiation. They were not the Ottawa agreement, there had to be negotiations --

Q. You are making statements here - "So far the offer that was made to them was the inter-mediate tariff," which would indicate that you knew

which was something more than the public knew at that time? A. I think that was a fairly common decision at that time.

Q. I do not think it was a matter that was well known during the election campaign? A. I am not sure it was not published, I am not sure it was not published prior to this date.

Q. The fact is that the intermediate tariff does not injure the silk mills? A. No.

Q. You agree --- ? A. Outside of the one thing in clothing, the fixed value for dresses.

Q. No, you say if they start to bargain on individual items? A. That is correct. I do not think the intermediate tariff made any harm to the silk mills.

BY THE COMMISSIONER: Q. The tariff prevailing now is the intermediate tariff? A. Yes, the tariff prevailing now is the intermediate.

Q. That is, so far as the United States? A. I mean the intermediate tariff so far as the United States is concerned.

Q. What do you think about Japan? A. I think eventually is going to injure them very badly.

BY MR. McKUM: Q. The next letter I want to refer you to is one dated 25th of May, 1932. It is from yourself to J. Hugelman.

EXHIBIT 610: Copy of letter marked Confidential, dated May 25th, 1932, from Mr. Hamilton, to Mr. Hugelman.

"In reply to your letter of May 19th. This office operates two associations, the Canadian Woollen and Knit Goods Manufacturers Association and the Silk Association of Canada. We have been operating since 1922.

Our main efforts were: First to establish confidence that the office had no other purpose in view excepting the good of the industry, that all confidential information was actually confidential, and that nothing was ever done without obtaining the agreement of all parties which such action would effect."

A. That is correct.

Q. One of the objects of your office is that nothing would be done without obtaining the agreement of all parties which such action would effect?

A. Yes.

Q. "Second, to establish a neutral meeting ground, where competitors could meet each other and discuss matters of common interest."

A. That is correct.

Q. "We believe we have done these two things.

"The full -fashioned hosiery section is a section of the Silk Association. Its success is largely due to the work of Mr. J.A. Bonneville, the Chairman. There is no question in anybody's mind that he is working for the good of the entire industry.

"In reply to your letter of my late, this office operates two associations, one operation and the Milk Goods Association jointly and the Milk association of Ontario. We have been operating since 1920.

Our main efforts were: first to convince producers that the office had no other purpose in view excepting the good of the industry, that all confidential information was actually confidential, and that nothing was ever done without obtaining the consent of all parties which such action could affect."

Q. That is correct.

Q. One of the objects of your office is that nothing could be done without obtaining the consent of all parties which such action could affect?

A. Yes.

Q. "Which, in reference to a national matter, where conditions could not work along and discuss matters of common interest."

A. That is correct.

Q. "We believe we have done the action.

"The Milk Marketing Board, meaning the association of the Milk Association. The success is largely due to the work of Mr. C. A. Cunningham, the chairman. There is no question in regards to the Milk Board, but the back of the

The way the section was developed was as follows:

(a) Meetings were called to discuss non-controversial subjects so that the heads of the mills would meet each other and become acquainted.

(b) Objects to which all could agree such as marking all goods which were not first class hosiery were promoted.

(c) Over production was faced. Concerted shut downs were discussed, but the situation was handled by monthly reports of stock on hand, production and sales, and pursuading manufacturers that they should produce on the basis of previous sales and not on hopes of sales. These reports also showed how a manufacturer stood in regard to stock, production and sales for the entire industry.

The work of the section is so varied that it is very difficult to outline in a letter and I can hardly undertake to do so. If, however, you should be at any time coming to Canada I would be pleased to discuss the matter fully with you."

Q. Now then, you had quite an elaborate system of keeping track of hosiery productions as well as the broad silks, have not you? A. Yes, sir, those are the multigraphed reports that we sent out to everybody and you asked us to make a synopsis of those by individual companies. It was quite a lot of work to do but we did it. I understand that

The way the question was developed was as follows:

(a) Meetings were called to discuss non-controversial subjects so that the heads of the mills would meet each other and become acquainted.

(b) Objects to which all could agree such as making all goods which were not first class seconds were promoted.

(c) Over production was faced. Unnecessary sub-sales were discussed, but the attention was handled by monthly reports of stock on hand, production and sales, and persuading manufacturers that they should produce on the basis of previous sales and not on hopes of sales. These reports also showed how a manufacturer stood in regard to stock, production and sales for the entire industry.

The work of the section is so varied that it is very difficult to outline it in a letter and I can hardly undertake to do so. If, however, you should be at any time coming to Toronto I would be pleased to discuss the matter fully with you."

A. Yes, then, you had quite an elaborate system of keeping track of factory productions as well as the brand slips, have not you? A. Yes, sir, those are the multigraphed reports that we sent out to everybody and you asked me to make a synopsis of them in political economics. I had quite a [illegible]

was asked for by you.

Q. Well, that is all right? A. You understand, those are not sent out to the trade.

Q. No, but they are a record that is kept by you? A. There is a record that is kept by me and I understand you wanted copies of them and they were made specially for you.

Q. That is, a monthly record of the total dozen pairs produced, shipped, whether they be firsts - are the seconds included or just the firsts?
A. No, there is perfects.

Q. A total record of those produced and those shipped, ~~ai~~ is that correct? A. Yes, sir., and stock too, is not that there? No, we have not given you the stock there.

Q. But you did keep a record of the stock too? A. The stock is down here.

Q. And then you sent out a bulletin with that information each month to the hosiery trade ?
A. Yes, and I think there was probably two or three mills who did not send information.

Q. And that is still going on? A. That is still going on.

MR. McRUER: This is ~~while~~ file on Production and sales reports in the Full Fashioned Hosiery Trade. They run over a period of months.

The WITNESS: I think you asked for specific dates.

and asked for my pay.

Q. Well, that is all right? A. You understand, there are not sent out to the trade.

Q. No, but they are a record that is kept by you? A. There is a record that is kept by me and I understand you wanted copies of them and they were made specially for you.

Q. That is, a monthly record of the total dozen pairs processed, shipped, whether they be finished - are the accounts included or just the finished?

A. No, there is perfects.

Q. A total record of those produced and those shipped, is that correct? A. Yes, sir.

Q. And stock too, is not that there? A. No, we have not given you the stock there.

Q. You did keep a record of the stock too? A. The stock is down here.

Q. And then you sent out a bulletin with that information each month to the mosery trade?

A. Yes, and I think there was probably two or three mills who did not send information.

Q. And that is still going on? A. That is still going on.

Q. Mr. [illegible] This is Index Vii in [illegible] and mine reports in the Mail Bonded Goodery Inc. for run over a period of so the.

Q. [illegible] I notice you asked for [illegible] [illegible].

MR. RENE: From January 1936 to March 1936.

EXHIBIT 611: File on Production and Sales Reports in the Full-Fashioned Hosiery Trade from Jan. 1935 to March 1936, page

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-- The Commission adjourned at 3.45, for recess.

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(Page 8307 follows)

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-- On resuming after recess.

BY MR. McRUER: Q. Mr. Hallam, I show you a letter dated the 4th of March, 1935 from G.B. Gordon of the Dominion Textile Company to yourself.

THE COMMISSIONER: That is a new exhibit; what is the date?

MR. McRUER: March 4th, 1935, my lord.

THE WITNESS: Yes.

MR. McRUER: That has reference to the statement ye put in, I think, in reference to the condition of the English mills.

THE COMMISSIONER: Just a minute, that will be exhibit 612.

EXHIBIT 612: Letter dated 4th March, 1935 from G.B. Gordon to D. Hallam.

MR. McRUER: Mr. Gordon says in this letter:

"It must be evident to even the most fanatical low tariff exponents that exports to Canada would not come only from the firms paying dividends - probably quite the reverse - or if we assume that they were distributed equally over the 194 firms in question, 80% came from firms paying no dividend."

That is, that 80% percent of the mills in England were not paying dividends? A. Apparently that is the case; I don't know.

Q."The accumulated debit balance of 136 firms out of 195 is mute evidence of the extent to which goods have been sold below cost of

— on financial matters.

BY MR. MORRIS: Q. Mr. Chairman, I move that a letter dated the 4th of April, 1946 from the Secretary of the Dominion Textile Company to Wrenfit.

THE CHAIRMAN: That is a new exhibit; what is the date?

— Mr. MORRIS: Mr. Chairman, my point.

THE CHAIRMAN: Yes.

MR. MORRIS: That has reference to the statement we put in, I think, in reference to the condition of the English mills.

THE CHAIRMAN: Just a minute. That will be exhibit 112.

EXHIBIT 112: Letter dated 4th March, 1946 from Mr. J.A. Larson to T. Wrenfit.

MR. MORRIS: Mr. Larson says in this letter: "It must be evident to even the most fanatical low tariff exponents that except to Canada would not come only from the firms paying dividends - probably quite the reverse - or if we assume that they were distributed equally over the 1st firms in question, 900 come from firms paying no dividend."

What is, that 6 percent of the mills in England were not paying dividends? A. Apparently that is the case; I don't know.

Q. "The accumulated debit balance of 126 firms out of 143 is sure evidence of the extent to which wages have been paid below cost of

"production in the past".

Evidently Mr. Gordon thinks that unless they paid dividends that it is below cost of production.

"A further striking feature is the fact that out of 67 companies whose capital structure was not inflated in any way, 52, or 78 percent, paid no dividend, proving that itis not a question of earning a return on capital" --

THE COMMISSIONER: Pardon me, read that again.

MR. McRUER: "A further striking feature is the fact that out of 67 companies whose capital structure was not inflated in any way, 52, or 78 percent, paid no dividend,--"

that is the English companies he is referring to? A. Yes.

BY THE COMMISSIONER: Q. During what period paid no dividends? A. I presume 1934, sir, heis talking of 1934.

MR. McRUER: Speaking of 1934.

"Proving that it is not a question of earning a return on capital but a matter of selling at prices actually below the cost of production apart from xx return on investment. It seems almost ludicrous that an industry, which has an internal condition such as that revealed here, should be permitted to petition for a revision of tariff on the grounds of equalization of production costs, when production costs have little or no significance so far as the prices

"at which it sells its goods are concerned. It is particularly remarkable, and should be emphasized, that, in a general review on page 3 of the same publication"- that has reference to the Textile Weekly - "the statement is made that: 'more actual profit has been made in the textile trades in 1934 than in any year since 1924'. It will be difficult to find a more complete indictment of the type of competition which the cotton industry in Canada has suffered from Lancashire over the past 10 years."

So that apparently, Mr. Hallam, over the period when the English mills were unable to pay dividends or were paying very low dividends the Canadian mills were paying very handsome dividends?

A. I cannot tell you that; I don't know the facts. The point of this letter is, I take it, that the Englishmen were sending cotton goods to Canada invoiced at lower than the cost of production.

BY THE COMMISSIONER: Q. What is that?

A. The cost of production; I mean, that is what Mr. Gordon has said in the letter.

Q. Were these prices, do you know, said to be lower than the selling price in England?

A. I cannot tell you that, sir; I mean, that is the argument in this letter.

Q. That is not your letter? A. No.

BY MR. McKEEN: Q. The point Mr. Gordon was making here was that the English mills had not been making any

"as which it soils its goods are concerned. It is extraordinarily remarkable, and ought to be emphasised, that, in a general review on page 8 of the same publication"- that has reference to the textile weekly - "the statement is made that: 'more actual profit has been made in the textile trades in 1924 than in any year since 1924'. It will be difficult to find a more complete indictment of the type of commercialism which the cotton industry in Canada suffered from immediate over the past 10 years."

So that opportunity, Mr. Mullen, over the period when the English mills were unable to pay dividends or were paying very low dividends the Canadian mills were making very handsome dividends?

A. I cannot tell you that; I don't know the facts. The point of this letter is, I take it, that the Englishmen were selling cotton goods to Canada low-cost at lower than the cost of production.

By the commissioner: Q. What is that?

A. The cost of production, I mean, that is what Mr. Gordon has said in the letter.

Q. Were these prices, do you know, said to be lower than the selling price in England?

A. I cannot tell you that, sir; I mean, that is the argument in this letter.

Q. That is not your letter? A. No.

By commissioner: The point Mr. Mullen was making was that the English cotton mills were selling

money and therefore they should not be permitted to sell in Canada? A. No, that is not the argument he is making.

Q. I think that is the argument; that is the net deduction from this letter.

MR. KELLOCK: The letter speaks for itself. That is argument, surely.

BY MR. McRUER: Q. Did you use this argument before the Tariff Board? A. I am not certain we used this particular one, sir. We certainly pointed out that the English mills - I think I told them that the fact that the mills were paying no dividends could not be taken as evidence before the Tariff Board that they were actually selling in Canada below cost of production because they might be selling in their home market or any other countries and they might be selling in Canada at a profit. That is to say, this fact itself cannot be taken as evidence that that is what they were doing although I think the presumption is pretty strong.

Q. I want to take up with you a slight discussion on tariff principles that took place between you and Mr. Cowling in October, 1933. I show you a letter dated--

THE COMMISSIONER: Tell me again who Mr. Cowling is?

BY MR. McRUER: Q. Mr. Cowling was the president of the Silk Association, was he, at that time? A. Yes, I think he was in 1933, yes.

Q. The letterhead says so? A. Right.

being not therefore they should not be permitted to
vote in Canada. Q. Well, that is not the
argument he is making.

Q. I think that is the argument; that is the
not deportees from vote there.

Mr. KNOWLES: The letter speaks for itself. That
is argument, surely.

By Mr. [illegible]: Q. Did you use this argument
before the Parliament? A. I am not certain
we used this particular one, sir. We certainly
pointed out that the Canadian citizen - I think I said
then what his fear was that he might come coming to
Australia could not be taken as evidence before the
Parliament that they were actually selling in Canada
below cost of production because they might be selling
in their home market or any other countries and they
might be selling in Canada at a profit. That is the
way, this fear itself cannot be taken as evidence that
that is what they were doing although I think the
presumption is pretty strong.

Q. I want to make up with you a right interesting
Canadian philosophies that took place between you and
Mr. Gunning in October, 1952. I show you a letter
dated--

The Chairman: Tell us again who Mr. Gunning is?

By Mr. [illegible]: Q. Mr. Gunning was the president
of the Silk Association, was he, at that time?
A. Yes, I think he was in 1952, yes.

Q. The letter reads as follows: [illegible]

THE COMMISSIONER: What is this letter?

MR. McRUER: A letter from Mr. Cowling to Mr. Hallam dated October 27th, 1933.

THE COMMISSIONER: That will be 613.

EXHIBIT 613: Letter dated October 27th, 1933 from Mr. Cowling to Mr. Hallam.

BY MR. McRUER: Q."I have just read with interest the letter from Mr. Bates addressed to you of October 25th, and your reply, which I consider to be very much the right attitude to take with these various periodicals."

Mr. Bates, of course, was the gentleman who published the Textile Journal? A. He is Mr. E.S. Bates, publisher of the Canadian Textile Journal.

Q. "In the first place I cannot understand what interest Mr. Bates has in the question of duties for his own personal edification"--

A. Hadn't we better read Bates' letter first?

Q. Well, I have started on this.

"Or why he should suggest that we have been practising bad principles by trying to protect our own particular industry. There are some editors who run 'puny' magazines and 'comic' papers, who are inclined to publish articles at times which are very misleading, and in my opinion we very often do ourselves more harm that good in releasing information for publication. We have nothing to cover up, ours was a straight forward issue which is perfectly justified, and I can see no reason at all why we should have to

Mr. Chairman: Who is this letter?

Mr. Bentley: A letter from Mr. [illegible] to Mr. [illegible] dated [illegible], 1963.

Mr. Chairman: That will be all.

Mr. Bell: Before Mr. [illegible] dated [illegible], 1963 from [illegible] to Mr. [illegible].

Mr. Mr. [illegible]: I've just read this letter from the letter from Mr. [illegible] to you [illegible], I've gone [illegible], which I consider to be very much the right attitude to take with [illegible].

Mr. [illegible], of course, was [illegible] the [illegible] Mr. [illegible] [illegible], president of the [illegible].

"In the first place I could [illegible] interest Mr. [illegible] in the question of [illegible] for use in personal [illegible]"--

Mr. [illegible] to better [illegible] letter [illegible]

Mr. [illegible]. I have [illegible] on this.

"It may be should suggest that we have been [illegible] problems by [illegible] the [illegible] industry. [illegible] [illegible] [illegible], who are [illegible] to [illegible] [illegible] [illegible] [illegible] very [illegible], and in [illegible] we very often do [illegible] [illegible] good in [illegible] [illegible] [illegible] have [illegible] to [illegible] [illegible] [illegible] [illegible] [illegible] which is [illegible] [illegible]

"fight other peoples battles apart from our own. Mr. Bates suggests that what we did might adversely affect other branches of the industry, but I fail to understand how the reduction in duty on acetate yarns would for a moment hurt the finer grades of cotton. The comparison is evidently made by aman whose little knowledge is a dangerous thing, and I would definitely refrain from giving any information on this subject, which is published might lead towards a misunderstanding of our case. With kindest regards".

Now, this refers to the application on behalf of the industry, the silk industry, to the government to reduce the tariff on acetate yarn?

A. I don't think so. That is what I wanted this letter read for in advance. I think it is another matter it refers to.

Q. I would judge from Mr. Cowlin's letter that is what it was? A. Well, read that letter, sir, Mr. Bates'letter.

Q. We will read Mr. Bates' letter, a letter from Mr. Bates to you. It is part of this exhibit, my lord. It is attached to it, a letter from Mr. Bates to Mr. Hallam:

"Dear Hallam: I understand that an investigation is being made by Williams of the Customs staff at Ottawa in connection with an application made by Canadian silk manufacturers for removal of the dump duty on importations of

"Tight other people battles smart from our own.

Mr. Bates suggests that what we did might advertently affect other branches of the industry but I fail to understand how the reduction in duty on acetate yarns would for a moment hurt the finer grades of cotton. The comparison is evidently made by some wise little fine lady is a dangerous thing, and I would definitely refrain from giving any information on this subject, which is published might lead towards a misunderstanding of our case. With kindest regards".

Now, this refers to the application on behalf of the industry, the silk industry, to the government to

. I don't think so. That is what I wanted this letter read for in advance. I think this another matter it refers to.

Q. I would judge from Mr. Cowling's letter that is what it was? A. Yes I, read that letter, sir, Mr. Bates' letter.

. We will read Mr. Bates' letter, a letter from Mr. Bates to you. It is part of this exhibit, my lord. It is attached to it, a letter from Mr. Bates to Mr. Hallam:

"Dear Hallam: I understand that an investigation is being made by officers of the Customs and Excise at Ottawa in connection with an application made by Canadian silk manufacturers for

"acetate rayon yarns, and wonder whether you can give me any details of this for my own information, not for publication. It seems to me a rather bad principle that a branch of the domestic textile manufacturing industries should seek any concessions at Ottawa that might adversely affect other branches of the industry, and while I hold no brief for the Celanese Company it appears that such a concession made on acetate yarns might apply equally to the finer grades of cotton yarns and to a similar degree in connection with some grades of viscose rayon yarns. Of course it would not apply on importations of yarns from Great Britain in that the dump duty has been specifically removed on importations from that source. I would appreciate a line from you by return if possible as the question has come before various interests here for their consideration and I have been requested to get as much information as possible on it. Any information you can give me will be held in strict confidence."

Apparently it was the removal of the dump duty on acetate yarns? A. Yes, it was not the application before the Tariff Board he is referring to. I think I sent it down to Mr. Cowling to find out what he was talking about and that is the letter I got back. The actual facts of the matter were that

"acetate rayon yarns, and wonder whether you can give me any details of this for my own information, not for publication. It seems to me a rather bad principle that a branch of the domestic textile manufacturing industries should be subsidised in some way that might adversely affect other branches of the industry. [illegible] I will let you know. Perhaps company it appears that such a concession made on acetate yarns might apply equally to the finer grades of cotton yarns and to a similar degree in connection with [illegible] yarns. [illegible] it would not apply on importations of yarns from Great Britain in that the dump duty has been specifically removed on importations from that source. I would appreciate a line from you by return if possible as the question has come before [illegible] consideration and I have been requested to get as much information as possible on it. Any information you can give me will be held in strict confidence."

Apparently it was the removal of the dump duty on [illegible] yarns. As [illegible] the application before the Tariff Board be in referring [illegible] I think I must at least [illegible] [illegible] I [illegible] The actual facts of the matter were [illegible]

the Silk Association had made norequest but one of the mills had brought in yarn, acetate yarn - I am not sure from Germany or where, I think itwas from Germany - and they were applying the dump duty on that. The mill was making the statement that the acetate yarn was not of a class or kind made in Canada because it was not sold in commercial quantities. Mr. Williams, I take it, was investigating it. That is the reason for these two letters. I think both Mr. Bates and Mr. Cowling were not quite accurate on their understanding of what this matter was.

Q. Evidently Mr. Bates contention was that there should not be any reduction of duties on any textile lines because it would be a violation of principle?

A. I am in no way responsible for Mr. Bates' position on any subject.

Q. I know, but those views were the ones that he was expressing, and Mr. Cowling--

A. Well, the letter speaks for his own views. I cannot speak for him.

Q. I show you a letter from Mr. Bates to you dated September 5th, 1935?

A. That is to me, correct.

Q. Mr. Bates to Mr. Hallam dated September 5th, 1935, which reads as follows--

THE COMMISSIONER: Pardon me, Exhibit 614.

EXHIBIT 614: Letter dated September 5th, 1935 from Mr. Bates to Mr. Hallam.

BY MR. McRUER: Q. "We have a small extra supply of copies of the 1935 edition of the Manual of the

the silk association has made statements but one of the mills had brought in yarn, acetate yarn - I am not sure from Germany or where. I think I have from Germany - and they were supplying the comp duty on that. The mill was making the statement that the acetate yarn was not of a class or kind made in Canada because it was not sold in commercial quantities. Mr. Williams, I take it, was investigating it. That is the reason for those two letters. I think both Mr. Bates and Mr. Gowling were not quite accurate on their understanding of what this matter was.

Evidently Mr. Bates contention was that there should not be any reduction of duties on any textile lines because it would be a violation of principles. A. I am in no way responsible for Mr. Bates' position on any subject.

Q. I know, but there was just some doubt he was expressing, and Mr. Gowling--

A. Well, the letter speaks for his own views I cannot speak for him.

Q. I show you a letter from Mr. Bates [illegible] [illegible]

A. That is to me, [illegible]

Q. Mr. Bates to Mr. Hallam dated September 8th, 1938, which means as follows--

EXHIBIT 214: Letter dated September 8th, 1938 from Mr. Bates to Mr. Hallam.

BY MR. MCTAGGART: "We have a small extra [illegible] of the [illegible] [illegible] [illegible]

"Textile Industry of Canada, which I thought you might be able to make good use of in your election campaign efforts. The quantity amounts to upward of 50, or 60 copies that we can spare."

What were your election campaign efforts?

A. I don't know what he is referring to.

Q. Oh, Mr. Hallam, you have no idea of what he is referring to? A. No. This is his letter to me and I think we encouraged him to send out copies of this to all members of Parliament at Ottawa--

BY THE COMMISSIONER: Q. You have what?

A. I think we encouraged him to send out copies of the manual, sir, that he publishes to all members of Parliament, and he has told me here he has 50 or 60 extra copies.

BY MR. McRUER: Q. Well, now, I have a copy of your reply. Is your reply attached to the one you have there? A. Pardon?

Q. Is your reply attached to the one you have there? A. No, I haven't got the reply here. I see he says:"It will be a relief to see the political situation settled, no matter which way the electorate decides. Political agitation during the past 18 to 24 months has certainly proved a decided hindrance to any trade stabilization processes that have been under way".

Q. I cannot put my hand on your copy from your files, but as I have it here your reply reads as follows--

"Textile Industry of Canada, which I thought you might be able to make good use of in your campaign against strife. The overall amounts to upward of 30, or 60 cents that we can save."

What were your election campaign efforts?

A. I don't know what he is referring to.

Q. Oh, Mr. Hallam, you have no idea of what he is referring to?

A. No. This is his letter to me and I think we encouraged him to send out copies of this to all members of Parliament at times--

BY MR. CHEVRIER: Q. You have what?

A. I think we encouraged him to send out copies of the manual, sir, that he published to all members of Parliament, and he is told me here he has 50 or 60 extra copies.

BY MR. MONTGOMERY: Q. Well, now, I have a copy of your reply. Is your reply attached to the one you have there?

A. Yes.

Q. Is your reply attached to the one you have there?

A. No. I haven't got the reply here. I see he says:"It will be a relief to see the political situation settled, no matter which way the election falls. Political agitation until the past 18 to 24 months has certainly proved a decided hindrance to any trade stabilization or progress that have been under way".

Q. I cannot put my hand on your reply, or

THE COMMISSIONER: The reply will be part of the same Exhibit?

MR. McRUER: Yes, my lord.

"Many thanks for your letters on September 4th re the Manual. I could use about 5 copies for this office. Some time ago we organized a drive through our members for republishing material from the Journal and got a fairly good response. The general feeling among our people is that the tariff is not really a live issue in this election and that so far as we are concerned we should not do anything to make an issue of it by publishing material of a controversial nature".

So, I would like to know how Mr. Bates knew anything about your election campaign efforts?

A. I don't thinkthere were any election campaign efforts, sir.

Q. Are you saying that?

A. I am saying that definitely, sir. At times we do get requests from everybody for information and we turn it up.

Q. I show you a series of multigraphed sheets?

A. Right?

Q. Marked "Study Club Notes".

THE COMMISSIONER: Just a minute now, the whole series will be one exhibit?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 615.

EXHIBIT 615: Series of Study Club Notes.

same Exhibit?

MR. MORDEN: Yes, my lord.

re the Manual. I could see about 5 copies for this office. Some time ago we received a drive through our members for republishing material from the Journal and got a fairly good response. The general feeling among our people is that the tariff is not really a live issue in this election and that so far as we are concerned we should not do anything to make an issue of it by publishing material of a controversial nature'.

Do. I would like to know how Mr. Eaton knew anything about your election campaign efforts?

A. I don't think there were any election campaign efforts, sir.

Q. Are you saying that?

A. I am saying that definitely, sir. At times we do get requests from everybody for information and we turn it up.

Q. I show you a series of multigraphed stories?

A. Yes?

Q. Marked "Wood Gut Gazette".

THE COMMISSIONER: Just a minute now, the whole story is not in question?

MR. MORDEN: Yes, my lord.

THE COMMISSIONER: Oh.

THE COMMISSIONER: Series of what?

MR. McRUER: Study club notes, my lord.

THE COMMISSIONER: Study club notes.

MR. McRUER: Study club notes.

THE COMMISSIONER: What is the study club?

BY MR. McRUER: Q. What was the use of these study club notes?

THE COMMISSIONER: What is a study club?

BY MR. McRUER: Q. What is a study club? A. I understand it is--Mr. W.H. Moore, M.P. makes, gives addresses on economic matters to a study club of Liberal members in Ottawa.

Q. You mean to suggest you got these notes out for a study club that W.H. Moore was running? A. That is a fact, sir.

Q. April 12th, 1935? A. Yes, sir.

Q. You got out study club notes? A. That is the purpose that they were got out and sent down; I think they were probably sent to 25 or 30 Liberal members with textile mills in their constituencies.

Q. Oh, I see. A. Who were part of the study club, sir.

Q. Was it only Liberal members with textile mills in their constituencies that were joinging the study club? A. I cannot tell you; as a matter of fact, I was asked to address a meeting of them, sir, which I did do.

Q. All liberal members? A. I think these were sent - I think I sent these for distribution to

Q. I understand it is--Mr. W.M. Moore, M.P. makes an address on economic matters to a study club of Liberal members in Ottawa.

Q. You mean to suggest you got these notes out for a study club that M.P. Moore was running?

A. That is a fact, sir.

Q. April 12th, 1939? A. Yes, sir.

Q. You got out study club notes?

A. That is the purpose that they were got out and sent down; I think they were probably sent to 50 or 60 Liberal members with twelve miles in their constituency.

Q. Oh, I see.

A. Who were part of the study club, sir.

Q. Was it only Liberal members within twelve miles in their constituencies that were joining the study club? A. I cannot tell you; as a matter of fact, I was asked to address a meeting of them, sir, which I did do.

Q. All Liberal members? A. I think there were - I think I just came for discussion to

Mr. Fraser, M.P., for Trenton, sir.

BY THE COMMISSIONER: Q. For where?

A. For Trenton; I think he was interested in the study club.

BY MR. McRUER: Q. Interested in this study club?

A. Mr. Lacroix, M.P., for St. George de Beauce was also interested.

Q. You don't know where one could get a list of the members of the club? A. No, I think I sent them all to Mr. Fraser for distribution.

Q. I thought it was W.H. Moore?

A. I know, but Mr. W.H. Moore was the man wh gave the lectures.

Q. By the way, is Mr. Lacroix the owner of a mill?

A. He is the owner of a mill, sir.

Q. A textile mill? A. A woollen mill.

Q. He would not need to join y ur study club?

A. I think he belonged to it.

Q. So you got out these elaborate notes, you were educating the Liberal party? A. I am prepared to give notes on the textile trade to anybody who is entitled to have them and asks for them.

Q. These, I notice, run from April 12th up to June 19th? A. I sent them down as I wrote them, sir, and I think they are not bad material. They are pretty accurate material.

Q. Well, I show you a letter dated the 5th of March, 1934 from Mr. Watson to you?

A. Yes, that is from Mr. Watson to me.

Q. Fraser, M.P., for Trenton, eh?

BY THE COMMISSIONER: Q. For whom?

A. For Trenton; I think he was interested in the study club.

BY M. MONDS: Q. Interested in this study club?

A. Mr. Lacroix, M.P., for St. George de Beauce was also interested.

Q. You don't know where one could get a list of the members of the club? A. No. I think I sent them all to Mr. Fraser for distribution.

Q. I thought it was Mr. Fraser.

A. I know, but Mr. M.M. Moore was the man who gave the lectures.

Q. By the way, is Mr. Lacroix the owner of a mill?

A. He is the owner of a mill, sir.

Q. A textile mill? A. A woollen mill.

Q. He would not need to join your study club?

A. I think he belonged to it.

Q. Is Mr. Lacroix and Mr. [illegible], one of the committee of the Liberal party? A. I am prepared to give notes on the textile trade to anybody who is entitled to have them and ask for them.

Q. These, I notice, run from April 15th up to June 15th? A. I sent them down as I wrote them, sir, and I think they are not bad material. They are really valuable material.

Q. Well, I know Jean Lacroix, Member for Beauce, Mr. Weron, 1924 from Mr. Weron to you?

A. Yes, that is from Mr. Weron to me.

BY THE COMMISSIONER: Q. Mr. Watson?

A. P.R. Watson of Grout's Limited.

BY MR. McRUER: Q. Mr. Watson was the chairman of the tariff section of the Silk Association?

A. That is correct.

THE COMMISSIONER: Exhibit 616.

EXHIBIT 616; Letter dated March 5th, 1934 from Mr. Watson to Mr. Hallam.

MR. Mc RUER: It is dated March 5th, 1934.

"In reply to yours of the 21st ultimo which has been held until I have returned from a short holiday. I take the attitude that if we are going to get any of the proposed funds that are going to be expended for advertising that we will have to show some interest in the Silk Guild and rather than"--

THE COMMISSIONER: In the silk what?

MR. McRUER: Guild. "Rather than take the responsibility of deciding this whole thing myself why not prepare a questionnaire letter on the matter and send it out to all of the mills involved and see what the concensus of opinion is and govern yourself accordingly. I have just been wondering whether it might not be a good idea to have a meeting of the executive as I don't think it is too early to try to put out the propaganda for the collection of the funds for the inevitable which must happen before long, i.e. and election. It seems to me there must be enough that we could

BY THE COMMISSIONER: Q. Mr. Watson?

A. Yes, Commissioner, I think.

Q. Mr. Watson, do you recall the meeting of the Dairy Section of the Milk Association?

A. That is correct.

THE COMMISSIONER: Exhibit 216.

EXHIBIT 216: Letter dated March 4th, 1954 from Mr. Watson to Mr. Whitson.

Mr. McGUIGAN: It is dated March 4th, 1954.

"In reply to your note of the 21st ultimo which has been held until I was returned from a short holiday. I take the attitude that if we are going to get any of the proposed funds that are going to be expended for advertising that we will have to show some interest in the milk which has gone there."

THE COMMISSIONER: In the milk what?

Mr. McGUIGAN: Quote. "Rather than take the responsibility of handling this whole thing myself why not prepare a questionnaire letter on the matter and send it out to all of the milks involved and see what the consensus of opinion is and govern yourself accordingly. I have just been wondering whether it might not be a good idea to have a meeting of the executive as I don't think it is too early to try to put out the propaganda for the collection of the funds for the festivities which must happen before long, i.e. an election. It seems to me there must be enough that we could

"discuss at one meeting at least and as I have expressed to you once or twice in the past it seems to me that all of the functions that rightly belong to your office are being more or less grabbed off by the office in Montreal as I note they have just had a meeting of producing mills and consumers relative to design, registration and so forth".

What was Mr. Watson-- A. What is the last paragraph?

Q. The last paragraph is: "I am not sure whether you would be just as well pleased if the Montreal office would gradually take the Silk Association out of your office and I know you have been busy with the woollens but I am giving you my slant on it for what it is worth and forewarned is forearmed as it were."

Mr. Watson is suggesting that it is about time to start to put out the propaganda for the collection of funds for the inevitable which must happen before long, that is, an election. You were not starting out to collect funds for the Liberal Party, were you? A. We were not starting to collect funds for any party, Mr. McRuer.

Q. What funds--- A. I cannot be responsible for suggestions that are made to me and I wish to say , if you want me to answer that question, I want to say that I have never or the association has never taken any part in collecting funds for either party. It would be extremely foolish for me in

"discuss at one meeting at least and as I have expressed to you once or twice in the past it seems to me that all of the functions that belong to your office are being made or been grabbed off by the office in Montreal as I note they have just had a meeting of producing milk and consumers relative to meat, vegetation and so forth".

Then Mr. Watson--

Q. What is the last paragraph?

A. The last paragraph is: "I am not sure whether you would be just as well pleased if the Montreal office would gradually take the milk production out of your office and I know you have been busy with the scallons but I am giving you my slant on it to what it is with and forewarned is forearmed as it were."

Mr. Watson is suggesting that it is about time to start to put out the propaganda for the collection of funds for the inevitable which must happen before long, that is, an election. You were not starting out to collect funds for the Liberal party, were you?

A. We were not starting to collect funds for any party, Mr. Nolan.

Q. What funds--

A. I cannot be responsible for suggestions that are made to me and I wish to say, if you want me to answer that question I need to say that I have never on the instructions [illegible] during my year in ministerial years my [illegible]

--17--

my position, in a position in the association such as I have, who have to talk to the people in both parties, to be a party to the collection of funds in any way at all.

Q. That is, if they knew it?

A. Pardon?

Q. If they knew it? A. Well, I mean it would be extremely foolish to do it.

Q. Well, Mr. Watson wrote to you, at any rate, stating that hedid not think that it was too early to start to put out the propaganda for the collection of funds? A. I probably told him--

Q. For the inevitable which must happen before long, i.e. an election; apparently there had been something discussed before this about propaganda for the collection of funds because he told you he thought it was about time to start putting it out. Now, what propaganda was it he had in mind?

A. Not with me, I can tell you that, Mr. McRuer. I have never permitted it. No doubt it has been mentioned to me once or twice in conversation but I have never permitted the association or myself to be in any way mixed up with that type of thing.

BY THE COMMISSIONER: Q. Did you answer Mr. Watson?

A. Pardon?

Q. Did you answer Mr. Watson?

A. I never replied to that letter. It is really on another subject.

BY MR. McRUER: Q. Is there a reply to this letter?

my position, in a position in the association such as I have, who have to talk to the people in both parties, to be a party to the collection of funds in any way at all.

Q. That is, if they knew it?

A. Exactly.

Q. If they knew it? A. Well, I mean it would be extremely foolish to do it.

Q. Well, Mr. Watson wrote to you, at any rate, stating that would not think that it was too early to start to put out the propaganda for the collection of funds?

A. For the favorable which must happen before that, I've [illegible] been something discussed before this about propaganda for the collection of funds because he told you he thought it was about time to start putting it out.

Q. What propaganda was it he had in mind?

A. Not with me, I can tell you that, Mr. Commissioner. I have never permitted it. No doubt it has been mentioned to me once or twice in conversation but I have never permitted the association or myself to be in any way mixed up with that type of thing.

BY MR. COMMISSIONER: Q. Did you answer Mr. Watson?

A. Did you answer Mr. Watson?

A. I never replied to that letter. It is really on another subject.

MR. [illegible]: Q. Is there a reply to this letter

A. As far as I know, no.

Q. Would you have a look and see? I would like to have your letter of the 21st ultimo, too?

A. I will look and see if I can find it.

Q. There is a letter to Mr. Watson of the 21st ultimo.

THE COMMISSIONER: The 21st of February?

MR. McRUER: The 21st of February, 1934?

A. That was in connection - I might explain, if you don't mind my doing so, Mr. McRuer, the first paragraph of this letter has reference to an advertising fund for silk which was proposed by the Japanese Government. They were going to expend a certain amount of money in the United States for advertising real silk as against artificial silks and the question was discussed several times. We took it up with Ottawa, with the foreign department. We had it taken up in Japan, I think, by our Government representative there, that if funds were to be expended we thought a certain amount ought to be expended with the newspapers and publications in Canada as well as in the United States. That is what that first paragraph is concerned with. The Silk Guild in the States were particularly interested in it.

Q. What piques my curiosity in regard to the second paragraph is the language that Mr. Watson uses as though it is something that had been previously discussed. "I have just been wondering whether it might not be a good idea to have a meeting

A. As far as I know, no.

Q. Would you have a look and see? I would like to have your letter of the 21st ultimo, too?

A. I will look and see if I can find it.

Q. There is a letter to Mr. Watson of the 21st ultimo.

THE COMMISSIONER: The 21st of February?

MR. MORDEN: The 21st of February, 1944?

A. That was in connection - I might explain, if you don't mind my doing so, Mr. Mosser, the first paragraph of this letter has reference to an advertising fund for silk which was proposed by the Japanese Government. They were going to expend a certain amount of money in the United States for advertising real silk as against artificial silks and the question was discussed several times. We took it up with Ottawa, with the Foreign department. We had it taken up in Japan, I think, by our Government representative there, that if funds were to be expended we thought a certain amount ought to be expended with the newspapers and publications in Canada as well as in the United States. That is what that first paragraph is concerned with. The silk mills in the States were particularly interested in it.

Q. That seems rather an unusual thing to mention in the second paragraph in the language that Mr. Watson uses as though it is something that had been previously discussed. "I have just been considering whether it might not be a good idea to have a meeting

of the executive as I don't think it is too early to start to try to put out the propaganda for the collection of funds for the inevitable which must happen before long, i.e., an election."

A. All I can say about that is it has never been done. I want to make that very emphatic.

Q. Had there been a discussion about it?

A. Not that I know of.

Q. Then, it would come as a kind of bombshell to you, this suggestion of having the executive meet for the purpose of putting out propaganda for the collection of funds, and if it was such a shocking thing as you would have us believe,--

A. I do not say it is a shocking thing at all, sir. I say it would be a very improper thing for a man in my position to have any connection with that type of thing.

Q. Would you not very promptly write an answer to his letter and say "I am not going to have anything to do with this"?

A. I probably put it in a conversation rather than write a letter on it.

Q. You would not write a letter about that?

A. No; you are trying to labor the point, Mr. McFuer.

Q. I am not laboring it. Mr. Watson took the trouble to write about it. I am not finding any fault with it, I just want to get the facts?

A. I must have 100,000 letters and documents in my files and I cannot be responsible for what people write me.

(Page 8325 follows)

of the executive as I don't think it is too early to start to try to put out the propaganda for the collection of funds for the inevitable which must happen before long, i.e., an election."

A. All I can say about that is it has never been done. I want to make that very emphatic.

Q. Had there been a discussion about it?

A. Not that I know of.

Q. Then, it would come as a bolt to you, this suggestion of having the executive meet for the purpose of putting out propaganda for the collection of funds, and if it was such a shocking thing as you would have us believe,--

A. I do not say it is a shocking thing at all. All I say it would be a very improper thing for a man in my position to have any connection with that kind of thing.

Q. Would you not very promptly write an answer to his letter and say "I am not going to have anything to do with this"? A. I probably put it in a conversation rather than write a letter on it.

Q. You would not write a letter about that?

A. No; you are trying to labor the point, Mr. Meloney.

Q. I am not laboring it. Mr. Watson took the trouble to write about it. I am not finding any fault with it, I just want to get the facts.

A. I must have 100,000 letters and documents in my files and I cannot be responsible for what people write me.

(Page 6350 follows)

Q. No, but if this was such a shocking thing I should have thought you would reply?

A. I say it is a very improper thing in my position.

Q. Did you make any reply to Mr. Watson to that effect? A. I cannot tell you at this date. I have no recollection of this letter at all.

Q. I show you a copy of the letter dated October 23rd, 1935, from yourself to Mr. Bates.

EXHIBIT 617: Copy of a letter dated October 23rd, 1935, from Mr. Hallam to Mr. E.S. Bates, with copy attached of articles from the papers.

Q. "There has been some talk in the trade about just what M.J. O'Brien, Jr., said in a speech at Renfrew. Could you work the following material in nicely to a news item to show:

(1) That Mr. O'Brien was speaking as the manager of the Renfrew Machinery Co.

(2) That it was to the Renfrew Machinery Co. he was referring."

Now, you are writing to Mr. Bates to tell Mr. Bates to work something into a news item to instruct the public what Mr. O'Brien meant? A. If you see, behind that are newspaper extracts, which I sent him down. I had a number of people in the Textile trades ask me exactly what Mr. O'Brien had said. I took the trouble to get two newspaper accounts.

A. No, but if this was such a shocking thing I should have thought you would reply?

A. I may it is a very improper thing in my position.

Q. Did you make any reply to Mr. Batson to that effect? A. I cannot tell you at this date. I have no recollection of this letter at all.

Q. I show you a copy of the letter dated October 22nd, 1920, from yourself to Mr. Batson.

EXHIBIT XVII Copy of a letter dated October 22nd, 1920, from Mr. Pullen to Mr. E.C. Batson, with copy attached of articles from the "Sun".

Q. "There has been some talk in the trade about just what E.C. Pullen, Jr., said in a speech at Hamilton. Could you work the following material in nicely to a news item to show:

(1) That he was the manager of the Hamilton Machinery Co.

(2) That it was to the Hamilton Machinery Co. he was referring."

Now, you are writing to Mr. Batson to tell Mr. Batson to work something into a news item to interest the public, what Mr. Pullen meant? A. If you see, behind that are newspaper extracts, which I sent him down. I had a number of people in the Central Canada are greatly, what Mr. Pullen meant well. I took the trouble to get two newspa-

BY THE COMMISSIONER: Q. Who is Mr. O'Brien? A. Mr. MJ. O'Brien of M.J. O'Brien and Company, Renfrew.

Q. What kind of a company are they? A. They are lumber people.

MR. McRUER: Q. Mr. O'Brien was not speaking about lumber? A. No, but M.J. O'Brien is the Lumber Company.

Q. M.J. O'Brien is in the lumber business? A. Yes.

Q. What else is he in? A. He is in cream separator factory and also in two textile mills.

Q. Two textile mills of what character? A. Woollen cloth mills. I don't know what their interest is but they are interested in two woollen cloth mills.

Q. And he had made a speech in connection with the Textile business, something to the effect that he was going to close down his mills? A. Not about the textiles. Read the newspaper account.

Q. You are writing to Mr. Bates to tell Mr. Bates what Mr. O'Brien meant? A. No, excuse me, I am not.

MR. KELLY: No, he is not, if you will just read it.

THE WITNESS: Read the two newspaper accounts.

MR. McRUER: Q. You are sending him copy of an extract from the Ottawa Journal:

Q. Who is Mr. Gilchrist?

A. Mr. Ed. O'Brien of M.J. O'Brien and Company, Renfrew.

Q. What kind of a company are they? A. They are lumber people.

Q. Mr. O'Brien and Mr. Gilchrist are operating lumber? A. No, but M.J. O'Brien is the lumber company.

Q. M.J. O'Brien is in the lumber business?

A. Yes.

Q. What else is he in? A. He is in cream separator factory and also in two textile mills.

Q. Two textile mills of what character? A. Woollen cloth mills.

Q. Mr. Gilchrist also has interests in two woollen cloth mills, is he; they are interested in two woollen cloth mills.

Q. And he had made a speech in connection with the Textile business, something to the effect that he was going to close down his mills? A. Not about the textiles. Read the newspaper account.

Q. You are willing to Mr. Bates to tell Mr. Bates what Mr. O'Brien meant? A. No, excuse me, I am not.

MR. KELLY: No, he is not, if you will just read it.

THE WITNESS: Read the two newspaper accounts.

MR. KELLY: You are quoting the map of it

[illegible]

"RENFREW Oct. 11 - M.J. O'Brien Jr., Manager of the Renfrew Machinery Company, declared tonight before a large crowd assembled in the Renfrew Armories in the interest of Dr. Maloney, Conservative candidate for South Renfrew, that the doors of the Renfrew Machinery Company would close if King were elected. Mr. O'Brien said this was not intimidation or a threat but a cold, clear, fact.

'We have'he stated, "the assurance of Mr. King and our South Renfrew Liberal candidate, Dr. J.J. McCann, that the tariff protection will be removed. Under this protection, we were able to make an uphill fight and when we are beginning to see our way more clearly, Mr. King pledges himself to remove tariff protection on textiles and farm implements. With the removal of tariff protection, we cannot compete with foreign manufacturers.'

Mr. O'Brien pleaded with the people not to look at the issue politically but as just sound business, in terms of dollars and cents. If the doors of the factory alone close, the annual pay roll of $90,000 will no longer circulate through Renfrew."

And from the Canadian Press Dispatch - Mail & Empire, October 17th, 1935? A. The reference is entirely to the machinery company.

"Quebec Cty. 11 - K.C. O'Brien ...

Manager of the Renfrew Machinery Company, declared tonight before a large crowd assembled in the Renfrew Armories in the interest of Dr. Maloney, Conservative candidate for South Renfrew, that the doors of the Renfrew Machinery Company would close if King were elected. Mr. O'Brien said this was not intimidation or a threat but a mere, plain, fact.

'We have'ne stated, "the assurance of Mr. King and our South Renfrew Liberal candidate, Dr. J.J. McGuan, that the tariff protection will be removed. Under this protection, we were able to make an uphill fight and when we are beginning to see our way more clearly, Mr. King pledges himself to remove tariff protection on textiles and farm implements. With the removal of tariff protection, we cannot compete with foreign manufacturers.'

Mr. O'Brien pleaded with the people not to look at the issue politically but as just sound business in terms of dollars and cents. If the doors of the factory alone close, the annual pay roll of $90,000 will no longer circulate through Renfrew."

And from the Canadian Press Dispatch - Mail & Empire, October 17th, 1930? A. The reference is

THE COMMISSIONER: Q. There is mention of textiles? A. Just take off the duty off textiles, textile mill is not mentioned.

MR. McRUER: "M.J. O'Brien, executive of the Renfrew machinery Company; said to-day he had been misunderstood in an election speech in which he said his company's plant would be closed if a Liberal Government was elected.

Mr. O'Brien added the plant would remain in operation unless tariff protection was removed on cream separators."

A. Exactly, it was cream separators he was talking about.

Q. "If the tariff is removed, he said, 'we simply cannot carry on, that is all.'"

THE COMMISSIONER: What did he say about volume of employment and payroll?

MR. McRUER: $90,000.

"Mr. O'Brien's speech drew from Liberal Leader King the statement that if the plant should be closed, the Government would assume control and see that it continued to run."

Now, on the face of that you take up the cudgels and write to Mr. Bates asking him, "Could you work the following material in nicely to a news item to show:

(1) That Mr. O'Brien was speaking as the manager of the Renfrew Machinery Co.

(2) That it was to the Renfrew Machinery Co. he was referring."

THE COMMISSIONER: Q. There is mention of textiles? A. Just here off the duty off textiles, textile mill is not mentioned.

MR. MORROW: W.J. O'Brien, executive of the Henfrew machinery Company; said to-day he had been misunderstood in an election speech in which he said his company's plant would be closed if a liberal government were elected.

Mr. O'Brien added the plant would remain in operation either under Conservative or Liberal on cream separators."

A. Exactly, it was cream separators he was talking about.

"If the tariff is removed, we would cannot carry on, that is all."

THE COMMISSIONER: What did he say about volume of employment and payroll?

MR. MORROW: $90,000.

Leader King the statement that if the plant should be closed, the Government would assume control and see that it continued to run."

Now, on the face of that you take up the evidence and write to Mr. Bates asking him, "Could you work the following material in nicely to a news item to show:

(1) That Mr. O'Brien was speaking

on the assumption of the Liberal Government.

(2) That it was in the Conservative Monthly ...

Now, what were you taking the matter up for?

A. I was taking the matter up because a large number of people in the trade were critizizing Mr. M.J. O'Brien for having made that reference in regard to the Textile interests.

Q. Why? A. Because it was an extremely - it is not the type of thing to do.

Q. What, to close mills? A. No, to make statements of that nature.

Q. Well why? What was the criticism that was coming from the Trade and that you wanted to get some nice things worked in? A. The real question was that he had not said it about the Textile mills.

Q. Well, it was a textile machinery mill?

A. No, it was not, it was a cream separator plant.

Q. Well, what was he talking in this item about the tariff on textiles if it was cream separators he was referring to?

MR. KELLOCK: Just read it.

THE WITNESS: Read it, the item speaks for itself.

MR. McRUER: Well, did you consult Mr. O'Brien and ask him what he said? A. I think I discussed it with their local manager, whether in Renfrew ---

BY THE COMMISSIONER: Q. Why do you think -- Did you or did you not? A. I telephoned him and I cannot remember whether I telephoned to the Manager of M.J. O'Brien or the Manager of the Mill,

Now, what were you seeking the matter up for?

A. I was taking the matter up because a large number of people in the trade were criticizing Mr. M.J. O'Brien for having made that reference in regard to the textile interests.

Q. Why? A. Because it was an extremely - it is not the type of thing to do.

Q. What, to close mills? A. No, to make statements of that nature.

Q. Well why? What was the criticism that was coming from the trade and that you wanted to put some nice things worked in? A. The real question was that he had not said it about the textile mills.

Q. Well, it was a textile machinery mill?

A. No, it was not, it was a cream separator plant.

Q. Well, what was he talking in this item about the tariff on textiles if it was cream separators he was referring to?

MR. KELLOCK: Let read it.

MR. MONTS: Well, did you consult Mr. O'Brien and ask him what he said? A. I think I

MY HON. COMMISSIONER: Q. Why do you think -- Q. Why did you not? A. I telephoned him

I telephoned to one or the other at that time.

MR. McRUER: Q. Now, here is what he says, in the newspaper report at any rate:

"'We have,' he stated, 'the assurance of Mr. King and our South Renfrew Liberal Candidate, Dr. J.J. McCann, that the tariff protection will be removed. Under this protection, we were able to make an uphill fight and when we are beginning to see our way more clearly, Mr. King pledges himself to remove tariff protection on textiles and farm implements."

A. That may be.

MR. KELLOCK: If you read the first paragraph he says Renfrew Machinery Company.

MR. McRUER: Yes, it says he is the manager of the Renfrew Machinery Company.

MR. KELLOCK: No, that the doors of the Renfrew Machinery Company would close.

MR. McRUER: Q. At any rate you evidently were taking up the dispute and trying to get Mr. Bates to put something in. Then on October 28th, 1935, we have a letter from Mr. Bates to you.

EXHIBIT 618: Letter dated Oct. 28, 1935, from Mr. Bates to Mr. Hallam.

Q. "I have heard a good deal of talk about the political situation at Renfrew but think the less we make of that situation the better. Unless the matter comes up again prominently I do not feel we should make any mention of it in Textile

I telephoned to one or the owner at that time.

MR. MORDEN: Q. Now, here is what he says, in the newspaper report at any rate:

"We have," he stated, "the assurance of Mr. King and our south Renfrew Liberal Candidate, Dr. A.A. McCann, that the tariff protection will be removed. Under this protection, we are able to make an uphill fight and when we are beginning to see our way more clearly, Mr. King pledges himself to remove tariff protection on textiles and farm implements."

A. That may be.

MR. KELLOCK: If you read the first paragraph he says Textile Manufacturer Company.

MR. MORDEN: Yes, it says he is the manager of the Renfrew Textile Company.

MR. KELLOCK: No, that the owners of the Renfrew Textile Company would write.

MR. MORDEN: Q. At any rate you evidently were taking up the dispute and trying to get Mr. Bates to put something in. Then on October 28th, 1930, we have a letter from Mr. Bates to you.

MINISTER KING: Better read the letter, Mr. Irwin, from Mr. Bates to Mr. Hallam.

Q. "I have heard a good deal of talk about the political situation at Renfrew but think the less we make of that situation the better. Unless the Liberal cause is quite hopeless I do not

Journal particular as I know some very loose talk was broadcast in that constituency in reference to the textile mills at Renfrew.

What do you think of my suggestion to send a copy of our last two Manuals to each of the new members of Parliament elected in textile constituencies? I suggest sending these out from a small supply we have left, accompanied by a short letter saying that our offices will be glad to supply any specific information required in relation to any discussion on the industry. I feel that every effort should be made to acquaint the Liberal members from textile constituencies with all the detailed facts regarding the industry that have been brought out during the various investigations of the past few years."

And do you take any part in that education of the members of Parliament? A. Yes, if you can call it education.

Q. You will be busy in the next ~~efur~~ four or five years? A. We have always done it. We encourage our members to talk to their members of Parliament and tell them what the situation is. I send out from time to time ---

Q. You only need to educate Liberal members apparently? A. No, I think we try to educate the others as well, sir.

Q. I would like to get some information from

journal particular as I know some very loose talk was broadcast in that constituency in reference to the textile mills at Hartran.

What do you think of my suggestion to send a copy of our last two Manuals to each of the new members of Parliament elected in textile constituencies? I suggest sending these out from a small supply we have left, accompanied by a short letter saying that our officers will be glad to supply any specific information required in relation to any discussion on the industry. I feel that every effort should be made to acquaint the Liberal members from textile constituencies with all the detailed facts regarding the industry that have been brought out during the various investigations of the past few years."

And do you take any part in that education of the members of Parliament? A. Yes, if you can call it education.

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Q. You only need to educate Liberal members apparently? A. No, I think we try to educate ~~[illegible]~~ as well, sir.

Q. I would like to get some information from

you as to the extent any of those industries we have covered export. The hosiery industry does some export trade ? A. Yes, they do some, a nice little trade, I will have to get you the figures.

Q. Could you give me the figures of the export business in the hosiery industry and the country they export to ? A. Yes. You must remember we make extremely good hosiery in Canada.

THE COMMISSIONER: When you talk of hosiery, silk? A. Yes.

MR. McRUER: Is the export business confined to the silk hosiery business? A. I think so.

MR. KELLOCK: Q. Are you speaking of pure silk or artificial - I don't know whether the witness understood the question.

THE WITNESS: Do you want the whole textile or just this one item?

Q. Can you give me any figures? A. Do you want all textiles or just one at a time?

Q. I want to get it, if you can, if you have got it in a book? A. It is all published by the Government.

Q. You have not anything except what we have - nothing from the mills. You do not get export reports or anything like that the same as the reports on production that you have? A. No. I would like them to give them to me but they have not done so.

Q. What effort have the industry made to develop

you as to the extent any of those industries we have covered export. The hosiery industry does some export trade? A. Yes, they do some, a nice little trade, I will have to get you the figures.

Q. Could you give me the figures of the export business in the hosiery industry and the country they export to? A. Yes. You must remember we make extremely good hosiery in Canada.

THE COMMISSIONER: When you talk of hosiery, silk? A. Yes.

MR. MONDER: Is the export business confined to the silk hosiery business? A. I think so.

MR. KEMPSON: Q. Are you speaking of pure silk or artificial - I don't know whether the witness understood the question.

THE WITNESS: Do you want the whole textile or just this one item?

Q. Can you give me any figures? A. Do you want all textiles or just one at a time?

Q. I want to get it, if you can, if you have got it in a book? A. It is all published by the Government.

Q. You have not anything except what we have - nothing from the mills. You do not get export reports or anything like that the same as the reports [illegible] A. No. I would like [illegible]

export trade.

THE COMMISSIONER: You are still talking of hosiery?

MR. McRUER: Yes.

THE COMMISSIONER: Q. You told me that the hosiery in question is silk? A. Silk, full-fashioned silk.

Q. Does not include artificial? A. There is practically none made in Canada.

Q. This then is natural silk? A. Yes, natural silk. We have here production for the month of January, 1936, in Canada of full-fashioned hosiery. They ~~pu~~ footed -- this is not all the mills, I think there are three mills left out - this footed 154,996 dozen full-fashioned hosiery made of natural silk.

Q. That is the production? A. That is what they made that month and they footed 2,799 dozen of artificial silk full-fashioned hosiery.

Q. What percentage do they export - you say they have a nice little export business - what did it amount to? A. In 1934 - this is calendar year - calendar year of 1934 amounted to 263,155 dozen pair, and in 1935 303,896 dozen pair.

Q. That is a very big increase? A. A fairly big increase.

Q. Can you tell us now where the exports go to? A. Yes, sir. Would you like to see the book or

export trade.

THE COMMISSIONER: You are still talking of hosiery?

MR. MORGAN: Yes.

THE COMMISSIONER: Q. You told me that the hosiery in question is silk? A. Silk, full-fashioned silk.

Q. Does not include artificial? A. There is practically none made in Canada.

Q. This then is natural silk? A. Yes, natural silk. We have here production for the month of January, 1936, in Canada of full-fashioned hosiery. They produced -- this is not all the mills, I think there are three mills left out - this produced 154,996 dozen full-fashioned hosiery made of natural silk.

Q. That is the production? A. That is what they made that month and they produced 2,799 dozen of artificial silk full-fashioned hosiery.

Q. What percentage do they export - you say they have a nice little export business - what did it amount to? A. In 1934 - this is calendar year - calendar year of 1934 amounted to 268,185 dozen pair, and in 1935 302,896 dozen pair.

Q. That is a very big increase? A. A fairly big increase.

Q. Can you tell us now where the exports go to?

would I read them? United Kingdom, 1935, ---

Q. Give us 1934 first? A. 1934 the United Kingdom took 33,200, dozen. The United States took 324 dozen pair. The Irish Free State 557 dozen pair. British South Africa 144,059 dozen pair. South Rhodesia 4,055 dozen pair. Bermuda 1,864 dozen pair, British India 1,045 dozen pairs. British Guiana, 1,373 dozen pairs. Barbadoes, 1,757 dozen pairs. Jamaica 10,738 dozen pairs. Trinidad 3,577 dozen pairs. Other British West Indies, 1002. Newfoundland, 2,853 dozen pairs. Australia 1,285 dozen pairs. New Zealand 43,515 dozen pairs, Belgium 1 dozen pair. That must have been a sample. Denmark 171 dozen pair. Egypt 204 dozen pairs. Mexico 2,081 dozen pairs. Dutch West Indies, 814 dozen pairs. Norway 552 dozen pairs. Sweden 199 dozen pairs. Switzerland 4,433 dozen pairs. That is for 1934.

Q. What for 1935? A. The United Kingdom 47,484 dozen pairs.

Q. That was an increase over 1934? A. That was an increase of 14,000 dozen pairs to the United Kingdom between the calendar year 1934 and calendar year 1935. In the United States, 302 dozen pairs, a slight decrease. Irish Free State, 1,861 dozen pairs. British South Africa 162,089 dozen pairs. That is a slight increase. South Rhodesia, 5,305 dozen pairs. Bermuda 2,656 dozen pairs.

would I read them? United Kingdom, 1298, ---

Q. Give us 1924 first? A. Lend-Lea United Kingdom took 32,200, dozen. The United States took 324 dozen pair. The Irish Free State took [illegible] dozen pair. South Rhodesia 4,052 dozen pair. Bermuda 1,864 dozen pair. British India 1,048 dozen pairs. British Guiana, 1,375 dozen pairs. Barbados, 1,727 dozen pairs. Jamaica 10,738 dozen pairs. Trinidad 3,577 dozen pairs.

Other British Lend Ladies, 1008. Newfoundland, [illegible] dozen pairs. [illegible] 1,[illegible] dozen pairs. New Zealand 43,315 dozen pairs, Belgium 1 dozen pair. [illegible] pair. Egypt 204 dozen pairs. Mexico 5,021 dozen pairs. Dutch East Indies, 814 dozen pairs. [illegible] Switzerland 4,428 dozen pairs. That is for 1924.

Q. How for 1925? A. The United Kingdom 47,484 dozen pairs.

Q. That was an increase over 1924? A. That was an increase of 14,000 dozen pairs to the United Kingdom [illegible] year 1925. In the United States, 325 dozen pairs, [illegible] dozen pairs. [illegible] 1,[illegible] dozen pairs. [illegible] 1,[illegible] dozen pairs. [illegible] pairs. [illegible] dozen pairs.

British India 2,256 dozen pairs. British Guiana 1,343 dozen pairs. Barbados 1,220 dozen pairs, Jamaica 8,114 dozen pairs, Trinidad 4,645 dozen pairs. Other British West Indies 1,399 dozen pairs. Newfoundland 3,800 dozen pairs. Australia 2,185 dozen pairs. New Zealand 37,516 dozen pairs. Belgium --- In New Zealand that is a reduction of some 6,000 dozen pairs. Belgium 2,798 dozen pairs. That is a big increase of many thousands.

Q. That is a good sample they sent over?

A. Well, it is very good stockings we make. No shipments to Denmark. Egypt 4,758 dozen pairs. Mexico 3,064 dozen pairs. Dutch West Indies 767 dozen pairs. Norway, 777 dozen pairs. No shipment to Sweden in that year. Switzerland 2,250 dozen pair. The total are for 1935 303,896 dozen pairs and in 1934 263,115 dozen pairs.

Q. Just one question before we leave that and if you can give me any information over the evening I would like to have it in the morning. From what I have read there was an increase in the tariff in Great Britain that affected the export of stockings to Great Britain from Canada and I think you sent out--

A. I think I sent out a circular on it.

Q. And there was an agitation in regard to reducing the tariff on hosiery coming into Canada from Great Britain in order to, I think, probably try and see if something reciprocal could not be

British India 3,356 dozen pairs. British Guiana 1,345 dozen pairs. Barbados 1,380 dozen pairs, Jamaica 3,116 dozen pairs, Trinidad 4944 dozen pairs, other British West Indies 1,797 dozen pairs, Newfoundland 9,[illegible] dozen pairs, Australia 1,[illegible] dozen pairs. New Zealand 27,316 dozen pairs, Belgium --- In New Zealand that is a reduction of some 5,[illegible] dozen pairs. Belgium 1,[illegible] dozen pairs, that is a big increase of many thousands.

. That is a good sample they sent every.

.. Well, it is very good stockings as usual. No shipments to Denmark. Egypt 4,7[illegible] dozen pairs. Mexico 3,064 dozen pairs. Dutch East Indies 797 dozen pairs. Norway, 777 dozen pairs. No shipment to Sweden in that year. Switzerland 2,980 dozen pair. The total are for 1936 405,886 dozen pairs and in 1937 263,115 dozen pairs.

.. Just one question before we leave that and if you can give me any information over the evening I would like to have it in the morning. From what I have read there was an increase in the tariff in Great Britain that affected the export of stockings to Great Britain from Canada and I think you sent out--

.. I think I sent out a circular on it.

.. And there was an agitation in regard to reducing the tariff on Canadian woollen hose from Great Britain to Canada, I think. I think, personally

established and you sent out a circular?

A. I don't remember at the moment.

Q. I would like you to tell me, if you can, what the increase to Great Britain was and when it took place?

MR. KELLOCK: When was it?

MR. McRUER: I am not just sure when it was. I know when this bulletin was sent out.

THE WITNESS: I think full information is in the hands of Mr. Walton on that.

--

-- The Commission adjourned at 5 o'clock P.M. to resume at 10.30 A.M. Friday, October 2nd, 1936.

---

established and you sent out a circular?

A. I don't remember at the moment.

Q. I would like you to tell me, if you can, what the increase to great Britain was and when it was issued.

MR. KELLOCK: When was it?

MR. MORRAN: I am not just sure when it was. I know when this bulletin was sent out.

THE WITNESS: I think full information is in the hands of Mr. Walton on that.

-- The Commission adjourned at 5 o'clock P.M. to resume at 11.00 a.m. Friday, February 2nd, 1945.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

S I X T I E T H D A Y

October 2, 1936

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S.Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel.
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Company.
S.G.Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

T.D. [illegible], K.C. and H. [illegible], K.C.	Commissioner [illegible].
J.L. Lucovsk, K.C. and [illegible], K.C.	For Special Counsel [illegible] on Primary Textile Industry.
C.G. Howard, K.C. [illegible] and C.T. McLaughlin,	For Dominion Textile Company.
H.G.Dixon, K.C.	For Courtaulds Limited.
I.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

Toronto, Ontario,
October 2, 1936

-- The Commission resumed at 10.30 A.M.

DOUGLAS HALLAM, Examination by Mr. McRuer (Resumed):

BY MR. McRUER: Q. Mr. Hallam, I have a letter here, a copy of a letter which comes from your fyles, but I am not sure who wrote it? A. Oh, I wrote that letter.

Q. Yes. A. Yes, I wrote that letter. It was really a personal letter written on the letter-head of the Association.

Q. Well then, it is a letter from you to Mr. Stanley Johnston? A. That is correct.

Q. Of Johnston and Ward, Royal Bank Building, Montreal? A. Yes.

Q. Dated July 16th, 1934? A. Correct.

THE COMMISSIONER: What is it, Mr. McRuer?

MR. McRUER: It is a letter, my lord, from Mr. Hallam, from Stanley Johnston, of Johnston and Ward, Royal Bank Building, Montreal, dated July 16th, 1934.

THE COMMISSIONER: That will be exhibit 619.

EXHIBIT 619: Letter from Mr. Hallam to to Mr. Stanley Johnston dated July 16, 1934.

MR. McRUER: It reads as follows:

Toronto, Ontario,
October 2, 1968

-- The Commission resumed at 10.30 a.m.

DOUGLAS HELLIER, Examination by Mr. Robert [illegible]:

BY MR. MORROW: Q. Mr. Hellier, I have a letter here, a copy of a letter which comes from your files, but I am not sure who wrote it? A. Oh, I wrote that letter.

Q. Yes. A. Yes, I wrote that letter. It was really a personal letter written on the letter-head of the Association.

Q. Well then, it is a letter from you to Mr. Stanley Jonathon? A. That is correct.

Q. Of Jonathon and [illegible], Royal Bank Building, Montreal? A. Yes.

Q. Dated July 16th, 1964? A. Correct.

THE COMMISSIONER: What is it, Mr. Robert?

MR. MORROW: It is a letter, My Lord, from Mr. Hellier, from Stanley Jonathon, of Jonathon and [illegible], Royal Bank Building, Montreal, dated July 16th, 1964.

THE COMMISSIONER: That will be Exhibit 219.

EXHIBIT 219: Letter from Mr. Hellier to Mr. Stanley Jonathon dated July 16, 1964.

MR. MORROW: It reads as follows:

"Attached is a copy of an address delivered by Mr. John Cowling, our Past President, on June 2nd, 1934. I would suggest that paragraph 6 on page 2 contains the kernal of the situation.

There are three groups interested in woven fabrics made of silk and artificial silk:

(1) The Broad Silk Mills producing silk fabrics, artificial silk fabrics and fabrics of mixtures of silk and artificial silk.

(2) The cotton mills that produce artificial silk fabrics and fabrics of cotton and artificial silk.

(3) The Celanese Company which produces fabrics of artificial silk.

There have been two changes recently:

(a) The reduction in the duties on artificial silk yarns from Great Britain. Just what the effect of this is to be we yet we do not know; the situation is extremely complicated and technical, and the trade does not feel that this in itself will enable them to make any more profits.

(b) The new British duties on silk and art. silk, which in combination with excise taxes, looks as though it will shut out the export business the mills were building up in England. I have just got these on my desk this morning.

"Attached is a copy of an address delivered by Mr. John Gosling, our past President, on June 2nd, 1934. I would suggest that paragraph 6 on page 2 contains the kernel of the situation.

There are three groups interested in woven fabrics made of silk and artificial silk:

(1) The Broad Silk Mills producing silk fabrics, artificial silk fabrics and fabrics of mixtures of silk and artificial silk.

(2) The cotton mills that produce artificial silk fabrics and fabrics of cotton and artificial silk.

(3) The Celanese Company which produces fabrics of artificial silk.

There have been two changes recently:

(a) The reduction in the duties on artificial silk yarns from Great Britain. Just what the effect of this is to be we yet do not know; the situation is extremely complicated and technical, and the trade does not feel that this in itself will enable them to make any large profits.

(b) The new British duties on silk and art. silk, which in combination with exclusive [illegible], looks as though it will shut out the export business the mills were building up in England. I have just got these on my desk this morning.

I am just clearing up the after math of the Annual Meeting of the Woollen men and as soon as this is done will send you some figures on the silk industry, although I never have the figures on profits; I only deal with production, wages, and number of employees. I am also enclosing Mr. H.Barrett's address to the Woollen men which I thought you might like to see."

Now, in reference to paragraph (b) in which you mention:

"The new British duties on silk and art. silk, which in combination with excise ttaxes, looks as though it will shut out the export business the mills were building up in England."

What was it you had reference to there, Mr. Hallam? A. I cannot be quite certain of the date. I would have to look it up; I think I had in mind the new English duties at that time. Apparently that is what I am referring to.

Q. Could you tell me what changes had been made in the English duties that affected theexport business that the Canadian firms were building up at that time? A. I would have to look back; the English Schedule on silk and artificial silk is extremely complicated; I would like to prepare you a statement on that, and I would have to look it up

I am just glancing up the other side of the Council meeting of the Canadian man and as this is done will need you some figures on the silk industry, although I never have the figures on profits; I only deal with production, wages, and number of employees. I am also enclosing Mr. Hamilton's answers to the Canadian man which I thought you might like to see.

Now, in reference to paragraph (b) in which you mention:

"The new British duties on silk and art. silk, which in combination with excise taxes, looks as though it will cut out the export business the mills were building up in England."

What was it you had reference to there, Mr. Hallam? I cannot be quite certain of the date. I would have to look it up; I think I had in mind the new English duties at that time. Apparently that is what I am referring to.

Could you tell us what changes had been made in the English duties that affected the export business that the Canadian firms were building up at that time? I would have to look that; the British Consulate on silk and artificial silk is

to find out.

Q. To what extent had the Canadian mills built up an export business in England at that time?

A. They were just beginning to build up a small export business. I think we can get that from the Government records. Would you let me have--

Q. Well, we can get anything that is in the Government records, Mr. Hallam; but what I have in mind is this, that apparently at this time you were writing to Mr. Johnston that these new duties were going to shut out the export business that the mills were building up? A. Yes, that is correct.

Q. And I wondered what information you had on it, or whether you took part in any representations to the British Government, or anything of that sort?

A. No, we made no representations to the British Government at all. It was just the record of the changes. I think those changes were multigraphed and sent out as a circular to the trade.

Q. They had been made after the Imperial Conference in 1932? A. I would have to look at the dates, sir. It is very complicated and takes some time to look up.

Q. What I am most interested in is the effect on the Canadian mills, - to what extent they had been doing an export business up until that time?

A. Well, I see that in the Trade of Canada for the calendar year, 1935, - I have in my hand the Trade

to find out.

Q. To what extent had the Canadian mills built up an export business in England at that time?

A. They were just beginning to build up a small export business. I think we can get that from the Government records. Would you let me have--

Q. Well, we can get anything that is in the Government records, Mr. Hallam; but what I have in mind is this, that apparently at this time you were writing to Mr. Johnston that these new duties were going to shut out the export business that the mills were building up? A. Yes, that is correct.

Q. And I wondered what information you had on it, or whether you took part in any representations to the British Government, or anything of that sort? A. No, we made no representations to the British Government at all. It was just the record of the change. I think those changes were anticipated and sent out as a circular to the trade.

Q. They had been made after the Imperial Conference in 1932? A. I would have to look at the dates, sir. It is very complicated and takes some time to look up.

Q. What I am most interested in is the effect on the Canadian mills, - to what extent they had been doing an export business up until that time?

A. Well, I see that in the Trade of Canada for the

of Canada, Calendar year, 1933, and I see that under artificial silk and manufacturers, N.O.P., the total exports --.

BY THE COMMISSIONER: Q. What is "N.O.P."?

A. Not otherwise provided for, my lord. That is the item that the fabrics exported to Great Britain would come under; it might contain something else but it would contain the fabrics.

In the calendar year, 1932, the exports to Great Britain were $858.

BY MR. McRUER: Q. 1932? A. Yes, 1932, $858. In 1933, they were $39,331.

Q. Yes? A. And in 1934, $106,087, and, in 1935, $136,988.

Q. Will you just give those last two figures again; was there a decrease in 1935, or an increase?

THE COMMISSIONER: An increase, Mr. McRuer.

THE WITNESS: An increase of approximately $20,000,or 25 per cent.

BY MR. McRUER: Q. Well, I wonder how the Canadian Producers could increase their exports to Great Britain over the increased tariff in Great Britain? A. I suppose that they were gradually getting their lines in there, and that the increase is due to the aggressiveness of their salesmen.

Q. You mean over the duty?

Q. They must have had good salesmen on the ground, no doubt about that, but you see the handicap.

of Canada, Calendar year, 1935, and I see that under artificial silk and manufactures, N.O.P., the total amounts —

BY THE COMMISSIONER: Q. What is "N.O.P."?

A. Not otherwise provided for, my lord. That is the item that the fabrics exported to Great Britain would come under; it might mean it embraces slips but it would contain the fabrics.

In the calendar year, 1936, the exports to Great Britain were $3858.

BY MR. MONDER: Q. 1935? A. Yes, 1935, $3858. In 1936, they were $39,381.

Q. Yes? A. And in 1934, $106,087, and, in 1933, $136,388.

Q. Will you just give those last two figures again? You began a sentence in 1933, or as in-

The Commissioner: As increased, Mr. Monder.

The Witness: As increased of exports, $30,000, or 25 per cent.

BY MR. MONDER: Q. Well, I wonder how the Canadian producers could increase their exports to Great Britain over the increased tariff in Great Britain? A. I suppose that they were gradually getting their lines in there, and that the increase is due to the aggressiveness of their salesmen.

Q. You mean over the duty?

Q. They must have had good salesmen on the ground, as it stood that, but you see the handicap.

Would that be on artificial silks, or both?

A. That is only artificial silk there. Do you want silk?

Q. Oh yes, I would like to have the silk, too.

A. That may contain other articles, sir,-- that may contain articles other than fabrics.

Q. But made of artificial silk? A. Made of artificial silk, yes. I did hear, sir, but it was only in conversation, that some of our silk dresses here, because of the style, went in in 1935. The style was extremely good, and they sold some dresses on style, in competition ---

Q. Well, that is one way of selling the product, on style? A. By the way, sir, the item covers all products of artificial silk other than underwear, it doesn't matter what.

Q. Now, on silk what was theexport business to Great Britain? A. For the calendar year, 1932, under the heading Silk and Manufacturers, N.O.P., which would include all manufacturers of silk other than socks and stockings and would, therefore, include fabrics, the export to Great Britain in1932 was$3,375. In 1933, it was $24,484. In 1934 it was $103,446, and in 1935 it was $71,028.

Q. So that there was a drop between 1934 and 1935? A. There was a drop of $32,000 or, roughly speaking, one-third, 33-1/3 per cent.

Q. Now, Mr. Hallam, outside of having energetic

Would that be an artificial silks, or both?

A. That is only artificial silk there. Do you want silk?

Q. Oh yes, I would like to have the silk, too.

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Q. But made of artificial silk? A. Made of artificial silk, yes. I did here, sir, but it was only in conversation, that some of our silk dresses here, because of the style, went in in 1928. The style was extremely good, and they sold so dresses on style, in competition ---

Q. Well, that is one way of selling the product, on style? A. By the way, sir, the item covers all products of artificial silk other than underwear, it covers many.

Q. Now, on silk that was theexport business to Great Britain? A. For the calendar year 1927, [illegible] silk was [illegible], U.S.P., which would include all manufactures of silk other than socks and stockings and would, therefore include fabrics, the export to Great Britain in 1928 was$5,270. In 1929, it was $34,444. In 1930 it was $103,440, and in 1931 it was $71,088.

Q. So that there was a drop between 1926 and 1929? A. There was a drop of $28,000 or, roughly speaking, one-third, 33-1/3 per cent.

Q. Now, Mr. Wilson, outside of having energetic

salesmen in Great Britain, I wonder if you could throwm any light on how the Canadian manufacturers could manufacture in Canada so as to be able to export into Great Britain over the increased tariffs in both artificial silk and real silk - natural silk, and at the same time appear to require a tariff in Canada as against Great Britain? That is a kind of conundrum to me; can you help me any on it Mr. Hallam? A. Well, I would like first of all to examine what the changes were. It is quite a technical matter, and I cannot carry them all in my mind. As I say, they are extremely complicated. But, I would think, from having those conversations with people - I don't know a great deal about it - that those are sort of novelty fabrics which are sold on style.

Q. Yes? A. I think that is the case.

Q. The novelty fabrics sold on style, but at the same time there is a tariff here against importations from Great Britain of such fabrics ?
A. That is correct.

Q. And yet the firms here are able to manufacture and sell in Great Britain, not on an even basis but over the top of the tariff? A. That is correct, Mr. McNuer, and the same thing applies conversely.

Q. How do they do it? A. How do they do it?

Q. You do not suggest that firms here would be

businessmen in Great Britain, I wonder if you could throw any light on how the Canadian manufacturers could manufacture in Canada so as to be able to export into Great Britain over the increased tariffs in both artificial silk and real silk - natural silk, and at the same time appear to require a tariff in Canada as against Great Britain? That is a kind of conundrum to me; can you help me any on it Mr. Lalonde? A. Well, I would like first of all to examine what the changes were. It is quite a technical matter, and I cannot carry them all in my mind. As I say, they are extremely complicated. But, I would think, from having those conversations with people - I don't know a great deal about it - that there are sort of novelty fabrics which are said on style.

Q. The novelty fabrics said on style, but at the same time there is a tariff here against imports. [illegible]

A. And yet the firms here are able to manufacture and sell in Great Britain, not on an even basis but over the top of the tariff? A. That is so true, Mr. Chairman, and the same thing applies conversely.

Q. How do they do it? A. How do they do it? Q. You do not suggest that firms here would be

dumping in Great Britain, or anything like that, or selling at a lower price than they sold to the Canadian people? A. I cannot tell you that, I haven't got the information.

Q. Well, would Mr. Watson be able to tell us that? I would like to find out, Mr. Hallam, how Canadian goods can compete in Great Britain over the top of the British tariff. You are something of a tariff expert, Mr. Hallam? A. My information, from conversation, is, that these are novelty fabrics which are sold not on price but as novelties, that they do not make them in England, and they go in in that way.

Q. Could not the firms here compete then without tariff at all against the British on style, novelty, and so on? A. That novelty business, of course, is not g great part of the total business, but I would prefer to get actual information on it. I don't know.

Q. Well, who in the industry would be able to explain that proposition to us? A. I would think the firms exporting would be able to explain it.

Q. Have you any idea who they are? A. I cannot tell you. I think possibly Associated does a certain amount of export business.

Q. Yes, we heard of them, they have a company over there? A. Oh, I know that a number of firms went over to England to open offices and attempt to

dumping in Great Britain, or anything like that, or selling at a lower price than they sold to the Canadian people? A. I cannot tell you that, I haven't got the information.

Q. Well, would Mr. Watson be able to tell us that? I would like to find out, Mr. Hallam, how Canadian goods can compete in Great Britain over the top of the British tariff. You are something of a tariff expert, Mr. Hallam? A. My information, from conversation, is, that these are novelty fabrics which are sold not on price but as novelties, that they do not make them in England, and they do in in that way.

Q. Could not the firms here compete then without tariff at all against the British on style, novelty, and so on? A. That novelty business, of course, is not a great part of the total business, but I would prefer to get actual information on it. I don't know.

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Q. Have you any idea who they are? A. I cannot tell you. I think possibly associated does a certain amount of export business.

Q. Yes, we heard of them, they have a company over there? A. Oh, I know that a number of firms

sell, but I don't know which of them actually did open offices, - I don't happen to know.

Q. Then, it is not part of your duty, at any rate, to follow up the export business and, in any sense, organize it? A. No, sir. I send out any changes in tariffs, of course, from foreign countries, and I frequently get requests from agents in forgeign countries for certain Canadian lines, and pass them on to the mills, and any information I get I pass on to the mills. There is a government service, of course, - the Intelligence Service, which deals with it much better than I can. Of course, they have men right on the ground to keep up to date.

Q. Yes. Well, I want to deal with a letter ; it is not your own letter but it comes from your files, and you can probably explain some of the matters that are referred to im it? A. I don't think I am responsible for all of these things.

THE COMMISSIONER: What is this letter, Mr. McRuer?

MR. McRUER: This is a copy of a letter from Mr. Cowling.

THE WITNESS: From Mr. John Cowling, my lord.

MR. McRUER: To E.S. Bates.

THE COMMISSIONER: Is that the same Mr. Cowling we heard of yesterday?

MR. McRUER: Yes, my lord, the President.

soil, but I don't know which of them correctly is
open or less, - I don't pretend to know.

Then, it is not part of your duty, as my
read, to follow up the export business and, in my
sense, organize it? A. No, sir. I was
out any changes in tariffs, of course, from foreign
countries, and I frequently get requests from manufa
in foreign countries for some a Canadian firm,
and pass them on to the mills, and any information
I get I pass on to the mills. There is a governm
agency, of course, - the intelligence service,
which deals with it much better than I can. If some
they have an right on the ground to keep up to date.

Q. Yes. Well, I want to deal with a letter;
it is not your own letter but it comes from your
files, and you can produce original some of the
matters that are referred to in it? A. I don't
think I am responsible for all of these letters.

THE COMMISSIONER: What is this letter, Mr.
Kennedy?

MR. KENNEDY: This is a copy of a letter from
Mr. Vanning.

THE WITNESS: From Mr. John Cowling, Mr Lord.

Mr. Kennedy: To Mr. Dalton.

THE COMMISSIONER: Is that the same Mr. Cowling
to whom Mr Vanning?

MR. KENNEDY: Yes, my lord, the same.

THE WITNESS: He was the President of the Silk Association at that time.

THE COMMISSIONER: What is the date?

MR. McRUER: It is dated January 17th, 1934, and there is a letter from Mr. Bates to Mr. Cowling dated January 25th, 1934 attached.

THE WITNESS: That is correct.

THE COMMISSIONER: Just a minute, please. Letter dated January 25th, 1934, attached?

MR. McRUER: Yes, my lord. I will make them the same Exhibit.

THE COMMISSIONER: It is a later date, though?

MR. McRUER: Yes, my lord.

MR. KELLOCK: What is the date of the reply, Mr. McRuer?

MR. McRUER: The 25th of January, 1934.

THE COMMISSIONER: Both of them will be Exhibit 620.

EXHIBIT 620: Copy of letter from Mr. Cowling to Mr. Bates, dated 17th January, 1934, and letter from Mr. Bates to Mr. Cowling, 25th January, 1934.

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THE VICE-CHAIRMAN: He was the President of the Silk Association at that time.

THE COMMISSIONER: What is the date?

MR. MONTEITH: It is dated January 17th, 1944, and there is a letter from Mr. Bates to Mr. Cowling dated January 20th, 1944 attached.

THE WITNESS: That is correct.

THE COMMISSIONER: Just a minute, please. Letter dated January 20th, 1944, attached?

MR. MONTEITH: Yes, my Lord. I will make them the same Exhibit.

THE COMMISSIONER: It is a later date, anyway?

MR. MONTEITH: Yes, my Lord.

MR. MILLAR: What is the date of the reply, Mr. Montgomery?

MR. MONTGOMERY: [illegible], 1944.

THE COMMISSIONER: Both of them will be Exhibit 840.

EXHIBIT 840: Copy of letter from Mr. Cowling to Mr. Bates, dated 17th January, 1944, and letter from Mr. Bates to Mr. Cowling, 20th January, 1944.

BY MR. McRUER: Q. There are one or two paragraphs from this letter that I want to discuss with you, Mr. Hallam. "I was handed today by a subscribed to your Journal, a copy of your issue of March 12th"--

A. January 12th.

Q. It is March here? A. The original here says January 12th.

Q. "January 12th, with request that I should read the Editorial article under the heading 'THE SHADOW OF COMING EVENTS', and having done so, I would like to ask you what grounds you have of supposing that the matter of duties on Acetate Yarns, which is being brought before the Tariff Board this month by the Silk Association of Canada, has been brought to issue, in your own words 'not only prematurely but from somewhat irresponsible quarters'. Is the Silk Association of Canada to be considered an irresponsible association"--

Irresponsible organization.

Q. Is it organization? A. Yes, organization.

Q. The matter that is being discussed was the application of the Silk Association for a reduction on the tariff on acetate yarns? A. No, the Silk Association did not make the application, sir. Mr. Cowling is not accurate in his statement.

Q. Well, he would surely know a little about it? A. It was a group of silk mills.

Q. But, Mr. Cowling, he is the president of the Silk Association and he is certainly claiming credit

BY MR. MORLOCK: Q. There are one or two paragraphs from this letter that I want to discuss with you, Mr. Miller. "I was handed today by a subscriber to your journal, a copy of your issue of March 15th"--

A. Monday 14th.

Q. It is March here? A. The original here says January 14th.

A. January 14th, with request that I should read the editorial article under the heading 'THE DANGER OF CHEAP WINES', and having done so, I would like to ask you what grounds you have of supposing that the matter of duties on sacrate Wines, which is being gone into before the Tariff Board this month by the Silk Association of Canada, has been brought to issue, in your opinion 'not only prematurely but from somewhat irresponsible quarters'. Is the Silk Association of Canada to be considered an irresponsible association"--

Impossible question.

A. The matter that is being discussed was the application of the Silk Association for a reduction on the tariff on sacrate wines? A. No, the Silk Association did not make the application, Mr. Dowling is not accurate in his statement.

Q. Well, he would surely know a little about it?

A. It was a group of silk mills.

Q. But, Mr. Dowling, he is the president of the Silk Association and he is certainly claiming credit

for the application on behalf of the Association?

A. Actually the Silk Association were not making the application.

Q. You mean quae the Association; it was the members of the Silk Association? A. No, sir, it was not the members of the Silk Association. It was a group in the Broad Silk Section that did it and it was not the entire Broad Silk Section either.

Q. If that is true why would Mr. Cowling write in those terms; he is writing to the editor of the Canadian Textile Journal? A. Correct.

Q. And he is in a bit of a battle with him over an editorial that had appeared and he says:

"I would like to ask you what grounds you have of supposing that the matter of duties on acetate yarns, which is being brought before the Tariff Board this month by the Silk Association of Canada, has been brought to issue, in your own words, 'not only prematurely but from somewhat irresponsible quarters'. Is the Silk Association of Canada to be considered an irresponsible organization?"

Well,-- A. Mr. McRuer, I am not responsibl for writing this letter.

Q. No, of course you are not. A. I am not responsible for writing this letter. I am telling you what the facts are. The facts are that when we put matters before the Tariff Board as an Association every section of the industry is consulted; it is a democratic Association. That was never done in this case. Some of the silk mills wanted to put this application in

for the application on behalf of the association?

A. Actually the silk association were not making the application.

Q. You mean guess the association; it was the members of the silk association? A. No, sir, I was not the members of the silk association. It was group in the Fraed Silk Section that did it and it was not the entire Fraed Silk Section either.

Q. If that is true why would Mr. Gwilym write in those terms; he is writing to the action of the Canadian Textile Journal? A. Correct.

Q. And he is in a bit of a battle with him over an editorial that had appeared and he says:

"I would like to ask you what reason you have supposing that the matter of duties on woollen yarns, which is being brought before the Tariff Board this month by the Silk Association of Canada has been brought to issue, in your own words, 'not only prematurely but from somewhat irresponsible motives'. Is this immaterial or unjustifiable to be considered as irresponsible organization?" Well,-- A. Mr. Gwilym, I am not responsible for writing this letter.

Q. Do, of course you are not. A. I am not responsible for writing the letter. I am telling you what the facts are. The facts are that when we put matters before the Tariff Board as an Association or section of the industry in question; it is a company association. That was never done in this case.

and they put it in, not through the Silk Association, but through somebody else.

Q. Well, you surely do not suggest that Mr. Cowling, the president of the Association, would misrepresent the situation to the editor?

A. I don't think he intended to.

MR. KELLOCK: The Tariff Board files will show who made the application.

BY MR. McRUER: Q. I know, but the point is that the President of the Silk Association is putting the whole thing on the shoulders of the Silk Association because he says it is not an irresponsible organization that is behind this enterprise.

MR. KELLOCK: The witness says it was not the Silk Association.

THE WITNESS: I think you will find occasionally, Mr. McRuer, that individuals in the Associations will speak of their own group or part as the association which is not the fact.

BY MR. McRUER: Q. This is the president?

A. He is the president.

Q. Well, we will leave it with that.

A. I thought you wanted the facts.

Q. Well, that is what you say? A. I thought you wanted the facts.

BY THE COMMISSIONER: Q. What are the facts, that an application was made? A. That an application was being made by some of the mills in the Broad Silk group of the Silk Association.

Q. Was Mr. Cowling's mill in on that?

and they put it in, not through the Silk Association, but through another line.

Q. Well, you surely do not suggest that Mr. Dowling, the president of the Association, would misrepresent the situation to the editor?

A. I don't know in Indiana is.

MR. MONDER: The Twelfth Round Table will show what was the situation.

BY MR. MONDER: Q. I know, but the point is that the President of the Silk Association is putting the whole thing on the shoulders of the Silk Association because he says it is not an irresponsible organization that is behind this enterprise.

MR. KUHLOCK: The witness says it was not the Silk Association.

THE WITNESS: I think you will find occasionally Mr. Monder, that individuals in the associated one will speak of their own group or part as the association which is not the fact.

BY MR. MONDER: Q. This is the president?

A. He is the president.

Q. Well, we will leave it with that.

A. I thought you wanted the facts.

Q. Well, that is what you said. A. I thought you wanted the facts.

BY THE CHAIRMAN I MEAN: Q. What are the facts, that an application was made? A. That an application was being made by some of the mills in the Broad Silk group of the Silk Association.

A. Mr. Cowling was in on that.

BY MR. McRUER: Q. And it was to have the duties reduced on acetate yarns? A. That is the application, sir. I merely wanted to be correct.

Q. Alright; then, it is the principle of what is being discussed in these letters that I want to take up with you. Mr. Cowling goes on to say:

"Seeing that this matter is of vital importance to the Silk Manufacturers, it would seem to me that the irresponsibility rests rather with the Canadian Textile Journal, in publishing an article of this kind, than with the silk manufacturers, who are trying to protect their own industry. Furthermore, for you to prophesy that the Tariff Board is not likely to give this matter due consideration, is a statement made, in my opinion, for the benefit of those who for some reason or other are advertising in your periodical, rather than for the benefit of the trade at large. In other words, to repeat your own quotation, if there are any 'coming events that are casting their shadows before', it would seem to me that this editorial of yours is meant for the purpose of casting a profitable shadow in the hope of being able to retain full-page advertisements.

As it is apparent that the Silk Manufacturers of Canada do not consider an advertisement in your Canadian Textile Journal sufficiently remunerative to warrant full page advertising, this may be the

a. Mr. Dowling was in on that.

BY MR. MORPHY: q. And it was to have the duties reduced on goatee yarns? A. That is the application, sir. I merely wanted to be correct.

q. Right; then, it is the principle of what is being discussed in these letters that I want to take up with you. Mr. Dowling goes on to say:

"Seeing that this matter is of vital importance to the silk manufacture, it would seem to me that the irresponsibility rests rather with the Canadian Textile Journal, in publishing an article of this kind, than with the silk manufacturers, who are trying to protect their own industry. Furthermore, for you to prophesy that the tariff board is very likely to give this matter one consideration, is a statement made, in my opinion, for the benefit of those who for some reason or other are advertising in your periodical, rather than for the benefit of the trade at large. In other words, to repeat your own quotation, 'if there are any 'coming events that are casting their shadows before', it would seem to me that this editorial of yours is meant for the purpose of creating a profitable shadow in the form of being able to retain full-page advertisements.

As it is apparent that the silk manufacturers of Canada do not consider an advertisement in your monthly journal worth particularly considering to warrant full page advertising, this may be the

"reason why you are 'holding up the umbrella' for the very people who are opposing us, and who I note with pleasure are large advertisers in your magazine. This is the only explanation I can think of which would prompt you to write such a biased article, which to say the least would hardly be a means of selling your advertising space to the Silk Mills of Canada."

Now, the article -- is there a copy of the article attached to your file there? A. No, sir, but we could probably get it.

Q. Well, I have a copy of it here; it apparently was not got out of your file. A. I would say apparently Mr. Bates' article got under the skin of Mr. John Cowling.

Q. Quite apparently. A. That is quite apparent.

Q. The article reads as follows:

" The Tariff situation is not the least of these factors by any means; there are others equally important. A somewhat disturbing question is raised in the Tariff series scheduled for later this month, on the question of duty on importation of Acetate Rayon Yarns. Unquestionably this matter has been brought to the foreground prematurely and from somewhat irresponsible quarters. We are not at all apprehensive that the Tariffboard will give it due consideration. It is to be hoped that all of the various interests involved shall be given the opportunity of making suitable representations so that undesirable publicity will be avoided."

"reason why you are 'holding up the umbrella' for the very people who are opposing us, and who I note with pleasure are large advertisers in your magazine. This is the only explanation I can think of which would prompt you to write such a biased article, which to say the least would hardly be a means of selling your advertising space to the trade."

Now, the article -- is there a copy of the article attached to your file there? A. No, sir, but we could probably get it.

Q. Well, I have a copy of it here; it apparently was put out by your file.

Mr. Lake Gunning. Q. I would say apparently Mr. Reese' article got under the skin of Mr. Lake Gunning.

Q. Quite apparently. A. That is quite apparent.

Q. The article reads as follows:

" The Tariff situation is not the least of these factors by any means; there are others equally important. A somewhat disturbing question is raised in the Tariff series scheduled for later this month, on the question of duty on importation of aspirin from Germany. Representatives have gone from here to the Treasurd prematurely and upon somewhat irresponsible questions. We are not at all convinced that the Secretary will give it due consideration. It is to be hoped that all of the serious economic factors will be given the necessary or making authoritative pronouncements on this very important question."

And then, Mr. Bates replies. A. That is the article in the Canadian Textile Journal to which Mr. Cowling is taking exception and in which Mr. Bates does not mention the Silk Association of Canada in any way.

Q. Mr. Bates' reply is as follows:

"I have received your letter dated January 17th with a great deal of astonishment and can only conclude that the same irresponsibility which dictated your endorsation of the tariff application in connection with acetate yarns is now responsible for dictating this letter to me.

It is not my intent or purpose to enter into any controversy with you personally as president"--

A. Or as president.

Q."Or as president of the Silk Association of Canada in connection with the editorial policy of this publication under my direction. I leave that to the textile industry in Canada at large.

However, as you have invited criticism I am only too glad to have this opportunity of writing you in that vein.

Over the course of many years, unfortunately, the textile tariff schedule has been used by various interests"--

A. Varied interests.

Q. "Varied interests to enable profitable operation of unsound industries." That is a bit of a confession.

THE COMMISSIONER: Please repeat that.

MR. McRUER: "Over the course of many years,

And then, Mr. Bates replied. A. That is the article in the Canadian Textile Journal to which Mr. Gunning is taking exception and in which Mr. Bates does not mention the Silk Association of Canada in any way.

Q. Mr. Bates' reply is as follows:

"I have received your letter dated January 17th, with a great deal of astonishment and can only conclude that the same irresponsibility which dictated your audacious action of the tariff application in connection with accurate yarns is now responsible for dictating this letter to me.

It is not my intent or purpose to enter into any controversy with you personally as president"--

A. Or as president.

Q. "Or as president of the Silk Association of Canada in connection with the editorial policy of this publication under my direction. I leave that to the textile industry in Canada at large.

However, as you have invited criticism I am only too glad to have this opportunity of striking at you in that vein.

Did the manner of your letter, unfortunately, the textile tariff schedule has been made by Mr. Gunning [illegible]--

A. Varied interests.

Q. "Varied interests to enable preliminary [illegible] of manufacturers. [illegible]

[illegible]

[illegible]

"unfortunately, the textile tariff schedule has been used by varied interests to enable profitable operation of unsound industries."

THE COMMISSIONER: I think we had better find out what Mr. Bates means by that.

MR. McHUGH: It may be more apparent as he goes on in his letter. "A good deal of grist went through the mill during the past thirty-five years, and in that time most of the uneconomic conditions in the domestic textile industries were eradicated. The position reached by the domestic textile industries in 1930 was obtained not by the silk industry"--

A. Was attained.

Q."Was attained not by the silk industry or by your Association, but by those interests in the industry who had held before them an economically sound proposition and had achieved that objective." That is, the objective had been achieved in 1930; is that what you take from that? A. I don't know, I am not responsible for the letter and I don't know what it means.

Q. "During these years, I have witnessed many such happenings in connection with tariffs as you and your Association are now sponsoring in connection with acetate yarns, which have proven exceedingly disastrous to the industry.

With these few observations, I should like to say also that it is obvious that you and your Association are now endeavouring to use the

"unfortunately, the textile tariff schedule has been used by varied interests to enable profitable operation of numerous industries."

THE CHAIRMAN: I think we had better find out what Mr. Bates means by that.

Mr. WORDEN: It may be more convenient to be read in his letter. "A good deal of print went through the mill during the past thirty-five years, and in that time most of the uneconomic conditions in the domestic textile industries were eliminated. The position reached by the domestic textile industries in 1930 was obtained not by the silk industry"--

4. Was attained.

5. "Was attained not by the silk industry or by your association, but by those interests in the industry who had held before them an economically sound proposition and had achieved that objective." That is, the objective had been achieved in 1930; is that what you take from that?

Mr. [illegible]: I am not responsible for the letter and I don't know what it means.

6. "During these years, I have witnessed many such happenings in connection with tariffs as you and your association are now urging in connection with acetate yarns, which have proven exceedingly disastrous to the industry.

With these two observations, I should like to say also that it is obvious that you and your

"Tariff in an attempt to correct a faulty price situation, and in the case of the broad silk mills to break down an efficient merchandising unit for the benefit of a few mills temporarily engaged on rayon, many of which are equipped with obsolete machinery and whose merhhandising methods cannot be regarded as anything else but antiquated.

The largest single and collective users of rayon yarns in this market are quite opposed to your application."

Can you tell me who they were? A. I don't know; when you finish the letter I will explain what I did.

Q. "The same thing applies to the application for increase in the tariff on thrown rayon yarns. I know whereof I speak in this connection.

It might also be stated that the general publicity received so far in connection with both tariff applications sponsored by yourself and your association has been most unfavoured"--

A. Unsavoury is the word he uses.

Q."Unsavoury", that is a different smell.

"--so far as the textile industry at large is concerned.

These are facts you have to face both as president of the Silk Association of Canada and as one of the younger and less experienced executives in the Canadian textile industry. There is considerably more I could say on this subject and shall say if you desire to open the question to

"controversy on the subject of your letter which I consider entirely irresponsible and uncalled for, and as it has been written in your official capacity as president of the Association, I demand its retraction. Otherwise the letter will be published in our first issue in February together with this reply and such other comment as I deem necessary." Well, I cannot hold you responsible for what Bates says. Probably he will have an opportunity of explaining it himself. Will you tell me how this correspondence came to you for consideration? A. Yes, Mr. Cowling sent me a copy of his letter to Mr. Bates --

Q. Sent you the original letter from Mr. Bates apparently? A. Sent me a copy of his original letter to Bates and then he sent me a copy of the answer.

Q. Not a copy? A. He sent me the original of the answer and clearly on the face of it these two men are very angry and annoyed with each other.

Q. Why did it come to you for action and what action did you take? A. I rang up both of them and said I did not think this was very dignified, and that they were angry and that they had better think it over. That is really what I did.

Q. Well-- A. I told Bates what the circumstances were. I said "actually the Silk Association has not put forward this application". I told him what the facts were.

BY THE COMMISSIONER: Q. That was an application

"controversy on the subject of your letter which I consider entirely irresponsible and unwise and as it does from written in your official capacity as president of the association, I demand its retraction. Unless the letter will be published in our first issue in February in either of the two papers and such letter commit as I mean necessary," well, I cannot but pay remarkable for what is too evidently he will have an opportunity of explaining himself. Will you tell me the this correspondence came to you for publication? A. Yes, sir. Nothing sent me a copy of his letter to me. Here -- . Read you the original letter from Q. Yes, sir. Q. Let me a copy of his original letter to me and then he sent me a copy the answer.

. Not a copy? A. He sent me the original of the answer and clearly on the face of it these two men are very angry and annoyed with each other.

. Why did it come to you for action and what action did you take? A. I felt as head of the and said I did not think this was very dignified, and that they ought to be ironed out between which over. That is the only thing I did.

. Well-- A. I told them that the claim was not put forward that publication. I told them that its place was.

. Mr Jones Q. Did you ever publish the

for a reduction in the duty on acetate yarn?

A. That is correct, sir.

Q. That is right? A. On acetate yarn.

Q. Was it ever made? A. It was made, sir, and heard.

Q. What happened to it? A. In the end, sir, the application -- there was a reduction in duty, sir.

Q. It was granted? A. There was a reduction in duties granted; it went on for two years, I think.

BY MR. McRUER: Q. It finally culminated in the last budget, 1936? A. There was an interim report made in which there was a reduction.

SECRETARY WHITELY: A reduction on all yarns.

BY MR. McRUER: Q. Yes, but the acetate and the rayon were separated and there was a larger reduction on the acetate than there was on the rayon -- on the viscose? A. That is correct.

Q. That culminated in the last budget? A. Yes.

Q. Had there been a previous reduction before the last budget? A. Yes, sir, on both acetate and viscose.

Q. The first stage was that there was a reduction on both acetate and viscose? A. The first stage was that the Tariff Board brought down an interim report.

Q. What year was that? A. The year prior to the budget of 19--

MR. BERRY: 1934.

THE WITNESS: 1934, sir.

MR. McRUER: This letter was in January, 1934.

BY THE COMMISSIONER: Q. Tell me this, when this

for a reduction in the duty on asbestos yarn?

A. That is correct, sir.

Q. That is right? A. On asbestos yarn.

Q. Was it ever made? A. It was made, sir, and heard.

Q. What happened to it? A. In the end, sir the application -- there was a reduction in duty, sir.

Q. It was reduced? A. There was a reduction in duties granted; it went on for two years, I think.

BY MR. MORLEY: Q. It finally eliminated in the last budget, 1936? A. There was an interim report made in which there was a recommendation.

MONTREAL QUALITY: A two option on all yarns.

BY Mr. Morley: Q. Yes, but the asbestos and the rayon were separated and there was a larger reduction on the asbestos than there was on the rayon -- on the viscose? A. That is correct.

Q. That claim was in the last budget? A. Yes.

Q. Had there been a previous reduction before the last budget? A. Yes, sir, on both asbestos and viscose.

Q. The first stage was that there was a reduction on both asbestos and viscose? A. The first stage was that the tariff board brought down an interim report.

Q. What year was that? A. The year prior to the budget of 1936--

Mr. MORLEY: 1936.

[illegible]: 1936, sir.

Mr. [illegible]: Q. Tell me then, when the

application was heard by the Board who opposed it, if anybody? A. Celanese, sir, and Courtaulds were there. I don't know whether they appeared. I appeared with a watching brief and took no part.

Q. Who were you watching for? A. I was watching for the industry, sir.

Q. The silk industry? A. The silk industry, the whole of the silk industry. The tariff rates, of course, affect the knitters as well and naturally I was extremely interested in the hearing.

BY MR. McRUER: Q. Of course, a reduction in the rates on yarns would be advantageous to the knitters? A. I would think so.

Q. And this letter suggests that there was a large body of the weavers who were not supporting the application but were rather opposing it?

BY THE COMMISSIONER: Q. I gathered from what you read that this particular periodical, this paper, the Textile Journal, opposed the application? A. I take it from reading it, sir, I think they did. As far as the Canadian Textile Journal, we have really nothing to do with its operations. I send them material and all that sort of thing but actually it expresses its own views.

BY MR. McRUER: Q. You are a sort of correspondent? A. Yes, I do.

Q. This states: "The largest single and collective users of rayon yarns in this market are quite opposed to your application. The same thing applies to the application for increase in the tariff on

application was begun by the court who opened it. It
happened? A. Gentlemen, sir, and ladies
were there. I don't know whether they appeared. I
appeared with a walking brief and took no part.

Q. Who were you watching for? A. I was
watching for the industry, sir.

Q. The silk industry? A. The silk industry,
the whole of the silk industry. The world's event,
of course, affect the business as well and naturally
I was extremely interested in the meeting.

BY MR. MORRIS: Q. Of course, a reduction in
rates on yarns would be advantageous to the industry?
A. I would think so.

Q. Are this letter suggests that there was a large
body of the manufacturers who were not supporting the
application but were rather opposing it?

BY MR. CHAMPION: Q. I mentioned from what
I read in this particular publication, this journal, the
Textile Journal, opposed the application? A. I
have it from reading it, sir. I don't know why.
As far as the Canadian Textile Journal, we have nothing
nothing to do with its operations. I read some
material and all that sort of thing but usually it
expresses its own views.

BY MR. MORRIS: Q. You are a part of [illegible]
A. Yes, I do.

Q. [illegible] The Dominion [illegible]
means of rayon yarns in the market are [illegible]
[illegible]
[illegible] for the [illegible] of the [illegible]

"thrown rayon yarns. I know whereof I speak in this connection."

Now, I want to know if you can tell us where the opposition was made manifest? A. I would like Mr. Bates to tell what he means himself because I don't know what he means.

Q. Do you know whether some of the users of rayon yarns were opposing it; they must have been getting in touch with you? A. Not to my knowledge.

Q. You were handed a watching brief --
A. Not to my knowledge.

Q. Well, in your conversation with Mr. Bates did he inform you as to the basis of his opposition?
A. He was extremely annoyed on the telephone when I spoke to him about the whole transaction and I merely said "look, what is the use of two angry men writing letters to each other and going on like this; sit down and think the matter over", and I went on to tell him as far as the Silk Association was concerned we did not put in the application.

Q. But was Mr. Bates intention not this that he was against reduction on tariffs on anything in the textile trade, and it didn't make any difference whether it was acetate yarn or any other kind of yarn?
A. I cannot tell you that.

Q. Wasn't that what he put forward as a matter of principle that it was a bad principle to use the tariffs to enable the profitable operation of unsound industries and it didn't make much difference what kind of textiles it was on? A. I think

"Brown tuppe pstre. I had whenever I speak in the
commencement."

Now, I want to know if you can tell me where the
opposition was made most? A. I would like
Mr. Estes to tell what he means himself because I don't
know what he means.

Q. Do you know anything about some of the women of Dow
Jones were opposing it; they went in to have meeting in
touch with you? A. Not to my knowledge.

Q. You were issued a notice, brief -

A. Not to my knowledge.

Q. Well, in your conversation with Mr. Brown
and he informs you as to the basis of his opposition
A. He was extremely engaged on the telephone when I
spoke to him about the whole transaction and I merely
said "Look, what is the use of two angry men writing
letters to each other and going on like this; sit
down and thrash the matter over", and I went on to tell
him as far as the silk association was concerned we
did not get in the negotiation.

Q. Did you Mr. Estes tell him not that
he was another reputation on quality in anything in
the textile trade, and it didn't make any difference
whether it was acetate yarn or any other kind of yarn?
A. I cannot tell you that.

Q. Didn't that what he put forward as a reason
of outlaying that it was a bad principle to use
the textile to enable the traditional operation of
unsound industries and it didn't make any difference
what kind of textile it was

Mr. Bates ought to speak for his own letter. I am not responsible for the writing and what it contains and I don't think a lot of it is accurate.

Q. Well, we will probably have to ask Mr. Bates to give us a little more information about that.

A. It is clearly on the face of it two angry men writing to each other.

Q. Well, I would not suppose these men got angry over nothing. I am not concerned with how warm they got but what they got warm about. Now, I have a letter along something of the same principle from the La France Textiles Limited to you. This is a letter from La France Textiles Limited, my lord, to Mr. Hallam dated 6th of April, 1933.

THE COMMISSIONER: What date?

MR. McRUER: 6th of April, 1933.

THE COMMISSIONER: That is a new company?

MR. McRUER: Yes, this is a company that weaves furniture and drapery fabrics at Woodstock.

THE COMMISSIONER: This will be exhibit 621.

EXHIBIT No. 621: Letter dated 6th April, 1933, from La France Textiles to Douglas Hallam.

THE WITNESS: Is there a copy of that for me?

MR. McRUER: I think we have a copy, yes. I am sorry, my copy is not a complete one, Mr. Hallam.

" I am sorry I missed seeing you yesterday, but realize that you were very much engaged and could not see me.

The information I left for you was to the effect

Mr. Aston ought to speak for his own letter. I am not responsible for the writing and what it contains and I don't think a lot of it is accurate.

Q. Well, we will probably have to ask Mr. Aston [illegible]

A. It is clearly on the face of it two people writing to each other.

Q. Well, I would not [illegible] over anything. I am not concerned with how many [illegible] but what they got were about. Now, I have a letter along somewhere of the same principle from the Prince Rupert Liberal to you. This is a letter from Prince Rupert Liberal, Mr. Lyons, to Mr. [illegible] dated 6th of April, 1956.

THE CHAIRMAN: Next exhibit

A. COURT: 6th of April, 1956.

THE CHAIRMAN: Next is a Con company?

MR. MACKAY: Yes. This is a company that [illegible] Hartlaire and property ventures at Moosetown.

THE CHAIRMAN: This will be Exhibit 21.

MINISTER MO. 21: Letter dated 6th April, 1956 from the Prince Rupert Liberal to [illegible]

MR. [illegible]: Is there a copy of that for me?

A. MACKAY: I think we have a copy. Yes. I am sorry, my copy is not a complete one, Mr. Mackay.

" I am sorry I misread your question, Mr. Mackay, realize that you were very much concerned [illegible] not see me.

The [illegible] I left for you was to the [illegible]

"that we had endeavoured, through every direct, logical channel to obtain some consideration from the present Government in connection with our Tariff problems. I regret to have to tell you that never was our industry in the unreasonable position that we have endured for the last two years. With the exception of mohair yarns, our raw materials are protected to the hilt and the finished fabrics into which they enter inadequately protected".

THE COMMISSIONER: Inadequately?

MR. McRUER: "Inadequately protected."

"I am not going to bother you to-day about cotton yarns. In this connection, suffice it to say that unless we can obtain some consideration, we may be forced to attach the protection under which the Canadian suppliers are operating, or we may have recourse under the Combines Act.

In connection with artificial silk yarns, we wish to bring to your attention that when we import spun rayon yarns from England they are dutiable as follows:

Purchase Price to British Mfr.	.32¢	
Discount on Exchange	.048	
Net Cost in England	.2725	
Duty(28¢ Lb. Min.Less 10%)	.252)	
Excise Tax 3%	.023)	.37½
Dumping on Drawback 4d	.088)	
Dumping on Exchange	.0175)	
Total Cost	.645	

"

The duties, my lord, are carried out and are 37½¢ on the article that costs 27½¢.

THE COMMISSIONER: Tell me precisely what is the article?

"that we had endeavoured, through every channel, legal channel to obtain some consideration from the present government in connection with our tariff problems. I regret to have to tell you that our industry in the unfortunate position that we have endured for the last two years, with the exception of roughly years, our own government is protected to the hilt and the finishers industry which they never inadequately protected".

THE CHAIRMAN: Inadequately?

Mr. HOLDEN: "Inadequately protected."

"I am not going to bother you to-day about other parts. In this connection, article 11 was the only one we can obtain some credit protection. We have to fight to retain the protection under which the Canadian supplier can operate, or we may have recourse under the Dumping Act.

In connection with artificial silk yarns, we wish to bring to your attention that when we import foreign yarns from Belgium they are invoicing as follows:

Purchase Price to Belgian Mfr.	.[illegible]
Discount on exchange	.[illegible]
Net Cost in Belgium	.[illegible]
Duty(Ad Vl. Tar.Item 1[illegible])	.[illegible]
Excise Tax 2%	.[illegible]
Sales Tax on Exchange 4%	.[illegible]
Sales Tax on Exchange	.[illegible]
Total Cost	.[illegible]

The Sales duties, my Lord, are carried out and are duty on the article that costs [illegible].

THE CHAIRMAN: Will we presently what is the exchange?

MR. McRUER: Spun rayon yarn, my lord.

THE COMMISSIONER: That is about 125%.

MR. McRUER: Yes, my lord.

MR. KELLOCK: I don't think that is right. I think 37½¢ is the total when you add the duties.

MR. McRUER: No, 64¢.

MR. KELLOCK: The total duty is six cents; the total duty is .645.

MR. McRUER: Just a moment, maybe you are right on that.

THE WITNESS: 64 is apparently 27½ plus 37½.

MR. McRUER: 32¢ is the price and then you had the discount on exchange and the net cost in England is 27½¢.

MR. KELLOCK: Yes.

MR. McRUER: Then, your duty is 28¢ a pound which makes 25 and two-tenths cents. That is the first duty and the excise tax is .023.

MR. KELLOCK: That total there, .645 apparently is wrong; that should be .345.

THE COMMISSIONER: The purchase price is 27¢.

MR. McRUER: No, Mr. Kellock, look, that is the sum of all this, 64 and five-tenths cents and 37½ cents is duty.

MR. KELLOCK: You are quite right; I am sorry.

MR. McRUER: That is the duty that is payable on the article costing 27½ cents.

THE COMMISSIONER: All that is per pound; that is paid by the pound.

MR. McRUER: Yes.

MR. MOFFIT: Some reason yours, my lord.

THE COMMISSIONER: What is your/name?

MR. MOFFIT: Yes, my lord.

MR. KINGSON: I don't think that is right. I think 27½ is the total when you add the duties.

MR. MOFFIT: No, 64¢.

MR. KINGSON: The total duty is six cents; the total duty is .06¢.

MR. MOFFIT: Just a moment, maybe you are right on that.

THE WITNESS: 64 is apparently 27½ due 37¢.

MR. MOFFIT: Why is the price and then you have the discount on exchange and the net cost in Belgium is 27½¢.

MR. KINGSON: Yes.

MR. MOFFIT: Then, your duty is 37½ a pound which makes 2b and two-tenths cents. That is the first duty and the excise tax is .06¢.

MR. KINGSON: That total there, .64¢ apparently is wrong; that should be .26¢.

THE COMMISSIONER: The purchase price is 27¢.

MR. MOFFIT: No, Mr. Kingson, look, that is the sum of all this, 64 and five-tenths cents and 37½ cents is duty.

MR. KINGSON: You are quite right; I am sorry.

MR. MOFFIT: That is the duty that is payable on the article costing 27½ cents.

THE COMMISSIONER: All that is per pound; that is paid by the pound.

MR. MOFFIT: Yes.

THE COMMISSIONER: That is about 125% duty.

MR. McRUER: On this man's raw material; he goes on to say,--

THE COMMISSIONER: Pardon me, that was in 1933?

MR. McRUER: In 1933, yes, my lord.

"Spun rayon yarns are not made in Canada and we have given them two years to do it. Why should we have to pay such extraordinary duties on raw material not made in Canada, attempt to put it into a finished fabric, which fabric is only protected by 17-1/2% Advalorem from England?

We are attaching a sample of the fabric and a sample of the yarn. This matter has been referred to the Department, at Ottawa, several times. They continue to rule that the Item is dutiable under Item #558d. We have far too much money at stake in this business to wait complacently any longer; and, while we would prefer our efforts to be constructive rather than destructive in so far as Tariff is concerned, we may be forced to drastic action to protect our investments here.

We know you are a very busy man and we think a few minutes of your time to look into our situation will convince you that we are not getting a square deal. As a Company, we are actually donating to local relief, which is further augmented by Governmental relief to the municipality, when the cure for a substantial amount of unemployment can be produced by a common-sense analysis of our problems and appropriate action.

Please call upon us for any further details.

THE COMMISSIONER: That is about July duty.

MR. MORDEN: On this man's raw material; he goes on to say,--

THE COMMISSIONER: Pardon me, that was in 1926?

MR. MORDEN: In 1926, yes, my lord.

"Spun rayon yarns are not made in Canada and we have given them two years to do it. Why should we have to pay such extraordinary duties on raw material not made in Canada, simply to put it into a finished fabric, which fabric is only protected by 17-1/2% Advalorem from Australia?

We are at nothing a single of the fabric and a sample of the yarn. This matter has been referred to the Department, at Ottawa, several times. They continue to rule that the item is dutiable under item 956d. We have far too much money at stake in this business to sit complacently any longer; and, while we would prefer our efforts to be constructive rather than destructive in so far as Tariff is concerned, we may be forced to drastic action to protect our investments here.

We know you are a very busy man and we think a few minutes of your time to look into our situation will convince you that we are not asking a square deal. As a Company, we are actually [illegible] by Governmental relief to the extent [illegible] over a substantial amount of unemployment can be produced by a common-sense analysis of our [illegible] situation.

"For the moment, we are contenting ourselves with a review of the artificial silk situation only. Our situation in connection with cotton yarns and cotton fabrics is almost as bad.

I wish to thank you for your prompt telegram and the opportunity to present the artificial silk side of our grievance."

Now, do you remember the discussion of this matter with the La France Company? A. Yes. The La France Textiles Limited, while a member of our association, did everything -- did anything in connection with tariff through their own sources. I don't know who they used, but somebody and when they brought this to my attention I took it up promptly and you will notice in the tariff item 558f, the item provided--

"Rovings, yarns and warps wholly of spun artificial silk or similar synthetic fibres produced by chemical processes, not coloured, imported by manufacturers for use exclusively in the manufacture of cut-pile fabrics, in their own factories, free from Great Britain."

BY THE COMMISSIONER: That is their material? A. That is their material, sir.

Q. When did this go into effect? A. That came into effect in the budget of April 19, 1934, a year later, sir.

Q. Their grievance was entirely wiped out, then? A. As far as this particular material of spun silk. They are not correct, sir,-- the difficulty was they

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review of the artificial silk situation only. Our
attention in connection with cotton yarns and cotton
fabrics is almost as bad.

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Textiles Limited, while a member of our association, did
everything -- did everything in connection with tariff
through their own sources. I don't know who they used,
but somebody and when they brought this to my attention
I took it up promptly and you will notice in the tariff
item that, the item provided--

"Having, yarns and warps wholly of spun artificial
silk or similar synthetic fibres produced by chemical
processes, not coloured, imported by manufacturers
for use exclusively in the manufacture of sun-pile
fabrics, in lieu of duties, free from duty
British."

BY THE COMMISSIONER: What is their material?
A. That is their material, sir.

Q. When did this go into effect? A. That
came into effect in the budget of April 19, 1934, a year
later, sir.

Q. [illegible] A. As far as this particular material of spun silk.
They are not concerned, sir,-- the difficulty was they

are not correct in the statement that spun rayon yarns were not produced in Canada. They were not produced in the type they wanted to use.

BY MR. McRUER: Q. Well, that is a very important thing? A. They speak of the department having ruled but the trouble there was spun rayon yarns were produced in Canada.

Q. Their complaint goes further than that. It is more or less of an illustration to you and they say their difficulties on cotton yarns are just about as bad and they are threatening to have recourse to the Combines Act? A. I had nothing to do with cotton yarns, sir, as far as the cotton end was concerned; the spun silk I did take up.

Q. In the spun rayon you say that is now free from Great Britain? A. Spun rayon is now free from Great Britain, sir, under item 558f, of the type they use, that is to say, La France Textiles make pile fabrics.

Q. Of course, it is obvious that the only firm that would receive benefit from this tariff item that they complained about was the Courtaulds Company? A. Well, I would not --

BY THE COMMISSIONER: Q. You ought to know? A. I was just trying to think. He asked me whether the only industry protected here by that item --

Q. Are there any others? A. I was trying to think who did spin silk.

MR. KELLOCK: Spin rayon.

are not correct in the statement that spun rayon yarns were not produced in Canada. They were not produced in the type they wanted to use.

BY MR. WOODSWORTH: Well, that is a very important thing? A. They speak of the department having ruled but the trouble there was spun rayon yarn were produced in Canada.

Q. Their complaint goes further than that. It is more or less of an illustration to you and they say their difficulties on cotton yarns are just about as bad and they are threatening to have recourse to the Combines Act? A. I had nothing to do with cotton yarns, sir, as far as the cotton end was concerned; the spun silk I did take up.

Q. In the spun rayon you say that is now free from Great Britain? A. Spun rayon is now free from Great Britain, sir, under item 528f.a the type they use, that is to say, in Canada textile made pile fabrics.

Q. Of course, it is obvious that the only firm that really quality benefit from this action that they complained about was the Courtaulds Company? A. Well, I really do --

BY MR. CHEVRIER: Do you think? A. I was just trying to think. He asked me whether the only industry protected here by that item -- Q. Are there any others? A. I was trying to think who did spun silk.

BY MR. CHEVRIER: Well, I

THE WITNESS: There is some firm here spins rayon.

BY MR. McRUER: Q. There is another letter from La France dated April 10, 1933 --

THE COMMISSIONER: That is exhibit 622.

EXHIBIT NO. 622: Letter dated April 10, 1933 From La France Textiles to Douglas Hallam.

MR. McRUER: It is from La France to Douglas Hallam dated April 10, 1933 and it reads:

"With reference to Items 560d and 560e as taken up in your letter of the 7th instant.

With pile fabrics 24" or less, we adopted the view that we would not object to a lower tariff on such fabrics or extra preferences being shown on such fabrics. Indirectly, they do affect our line; but we did not wish to take too selfish a view of the item and contented ourselves to not object to a lower tariff on pile fabrics 24" or less in width, because certain dress velvets and other velvets used in the shoe manufacturing business were imported under this item and such material, to our knowledge, is not made in Canada. We could, however, make an inferior substitute, but decided not to ask for too much on this item. On the other hand, importations of pile fabrics over 24" in width are not fair, for the reason that we cannot import the yarn, of a class or kind not made in Canada (we refer to spun rayon) free of duty from England, which costs us approximately 234% of the English price to land in Canada, and then compete with the finished fabric with only 17½% from England.

THE WITNESS: There is some film here again regarding.

MR. MONDAK: . There is another letter from La France dated April 10, 1962 --

THE COMMISSIONER: That is exhibit 682.

MR. MONDAK: It is from La France to Douglas McLinn dated April 10, 1962 and it reads:

"With reference to Items 3004 and 3006 as taken up in your letter of the 7th instant.

With pile fabrics 24" or less, we adopted the view that we would not object to a lower tariff on such fabrics or extra preferences being shown on such fabrics. Indirectly, they do affect our line; but we did not wish to take too selfish a view of the item and contented ourselves to not object to a lower tariff on pile fabrics 24" or in width, because certain dress velvets and other velvets used in the shoe manufacturing business imported under this item and such material, to our knowledge, is not made in Canada. We could, however, make an inferior substitute, but decided not ask for too much on this item. On the other hand, importations of pile fabrics over 24" in width are not fair, for the reason that we cannot in the year, of a class or kind not made in Canada (we refer to spun rayon) free of duty from countries which cost us approximately 25% of the English price to land in Canada, and then compete with finished fabric with only 17½ from England.

"The most of the competition, however, on the finished fabric comes from Belgium."

A. That is correct.

Q."We have given the Canadian manufacturers three years to make spun rayon and they have failed to do so and it is beyond all reason not to allow us the importation of spun rayon yarns free of duty from England that would permit us to manufacture certain pile fabrics in a substantial way in our own mill. We have all the equipment, but cannot get the cost and the selling price low enough because of the excessive cost of our raw materials.

We think it is rather futile to demand excessive protection, which is far from lasting, and in our mind it seems more logical to abolish the unwarranted protection on spun rayon yarns, as we have outlined in our previous letter. It is nothing more than scandalous to us that we are prevented from curing some of the unemployment that exists in our own community. We have waited from budget to budget and have had no relief. Is this sort of thing to go on forever with unemployment becoming more acute every day? We wish you would give us your views on the possibilities of having spun rayon yarns come in duty free from England.

You can imagine our feelings in the matter after we sppht two expensive years developing our fabrics, sampling them throughout Canada and started a very nice business only to have the whole thing thrown

"The most of the competition, however, on the Canadian market comes from Germany."

A. That is correct.

Q. "We have given the Dominion government three years to make spun rayon and they have failed to do so and it is beyond all reason not to allow us the importation of spun rayon yarns free of duty from England that would permit us to manufacture certain pile fabrics in a commercially in our mill. We have all the equipment, but cannot get the cost and the selling price low enough to overcome the excessive cost of our raw material."

We think it is rather futile to demand excessive protection, which is for them lasting, and in our mind it seems more logical to abolish the unnecessary protection on spun rayon yarns, as we give utterance in our previous letter. It is nothing more than conducive to us that we are prevented from curtailing some of the unemployment that exists in our own community. We have waited from budget to budget and h've had no relief. Do you think that it will go on forever with unemployment increasing some acute every day? In what you would give us your views on the possibilities of having spun rayon yarns come in duty free from England.

You can imagine our feelings in the matter when we expect the necessary steps involving our firm, employs five thousand people and provides a very large business with the steel industry.

"into the discard because of the high duty that was later imposed upon spun rayon yarns. We have to tackle this thing with vigor and endeavour to bring action which, up to now, we have failed to get from the Government."

So that as far as this matter was concerned you say you got them some relief? A. Yes, prior to that time they had been attending to their own tariff matters, sir; then they asked me to take it up and I investigated this spun rayon question.

Q. They got a better doctor? A. We got at the facts of the case. We got what the facts were.

Q. Well, they seem to be able to lay out the facts very well? A. Well, they did not quite state the facts accurately.

Q. If there is anything inaccurate in regard to their facts I would like to have it because I regard that as of some importance? A. I mean when you checked them back through you found discrepancies.

Q. I had thought these duties were imposed to assist the unemployment problem and this company seems to feel they were obstructing their efforts in relieving unemployment, so if there is anything inaccurate in what they say -- A. I mean technical inaccuracies, but the general purport, when we investigated I found they had a case.

Q. Now, the next letter I want to take up with you is one from the Wabasso Cotton Company dated November 4, 1935 to the Cotton Institute --

"into the discord because of the high duty that was later imposed upon raw cotton. We have to tackle this thing with vigor and endeavour to bring cotton which, up to now, we have failed to get from the Government."

So that as far as this matter was concerned you say you got them some relief? A. Yes, prior to that time they had been attending to their own tariff matters, sir; then they asked me to take it up and I investigated this sum upon question.

Q. They got a better doctor? A. We got at the facts of the case. We got what the facts were.

Q. Well, they seem to be able to lay out the facts very well? A. Well, they did not quite state the facts accurately.

Q. If there is anything inaccurate in regard to their facts I would like to have it because I regard that as of some importance? A. I mean that you checked them back through you found discrepancies.

Q. I had thought these duties were imposed to assist the unemployment problem and this evening one to feel they were obstructing their efforts in relieving unemployment, so if there is anything inaccurate in what they say -- A. I mean technical inaccuracies, but the general purport, when we investigated I found they had a case.

Q. Now, the next letter I want to take up with you is one from the Canada Cotton Company dated November 4, 1938 to the Cotton Institute --

MR. KELLOCK: What date in November?

MR. McRUER: November 4, 1935.

THE COMMISSIONER: Exhibit 623.

EXHIBIT NO. 623: Letter dated Novembe 4,1935 from Wabasso Cotton Co. to Cotton Institute.

MR. McRUER: "We have read over your letter of October 31st very carefully and, in our opinion, feel that it would be unwise to bring up this question of ring yarn. As you know, the hearing on these yarns covers yarns for sale, which yarns covered by the counts shown go mostly to knitters."

THE COMMISSIONER: Pardon me, you haven't the letter to which this is an answer?

MR. McRUER: Do you think you could get me that, Mr. Berry, October 31st?

THE WITNESS: Who is that letter addressed to?

MR. McRUER: It is "Attention Mr. W. M. Berry." Now, this has to do with the application that was pending before the Tariff Board for a reduction in duties on cotton yarns and cotton cloths from Britain?

A. That is correct.

BY THE COMMISSIONER: Q. Who was making that application? A. The British cotton manufacturers, sir.

MR.McRUER: That is the one they reported on last spring, my lord, known as reference 83, and pursuant to the Tariff Board report some action was taken in the budget? A. That is correct; the Tariff Board's report was implemented in the budget.

Q."As you know, the hearing on these yarns covers

[illegible]

Q. [illegible]: What date in November?

Mr. [illegible] President, [illegible].

Mr. [illegible]: [illegible].

[illegible]

[illegible]

Mr. [illegible]: "We have read your letter of October that very carefully, and, in our minds, that that [illegible] be [illegible] to [illegible] the [illegible] of this year. As you know, the hearing on these yarns covers a very big, which yarns covered by the course where [illegible] to which this is an answer?

Mr. [illegible]: To you think you could get me that, [illegible]?

[illegible]

The [illegible]: Who is that letter addressed to?

Mr. [illegible]: It is "attention Mr. W. E. Murray." Now, this has to do with the application that was pending before the Tariff Board for a reduction in duties on cotton yarns and cotton cloths from [illegible]?

A. That is correct.

Q. [illegible] [illegible] was making [illegible] until [illegible] [illegible] cotton [illegible] [illegible].

Mr. [illegible]: That is the one they [illegible] or [illegible] [illegible], in fact, known as [illegible] 82, and [illegible] the Tariff Board [illegible] cotton [illegible] in [illegible]?

A. That is correct; the Tariff Board's report was [illegible] in the [illegible].

Q. [illegible], the hearing on these yarns covers

"yarns for sale, which yarns covered by the counts shown go mostly to knitters.

In England, the practice, we understand, is to spin these yarns on mules. Here, we spin some on mules and some on rings, to suit our own convenience and comply with the customers requests for mule yarns.

Most of the English yarns imported into this country are mule spun yarns and we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarn at higher cost. The ring spinning cost of yarn will be fully covered under the cloth costings in which group they really belong."

Now, the point apparently that Mr. Whitehead was covering in this letter was that in the case before the Tariff Board it was a matter of importance to determine the cost of production in England as compared with the cost of production in Canada?

A. I don't know that I have seen that letter before. I don't remember it.

Q. You took a very active part in compiling the case and the brief for the Canadian industry?

A. Correct.

Q. And the presentation of it before the Tariff Board? A. And as a result -- the actual fact was that all information regarding mule spun yarns

"yarns for sale, which yarns covered by the course shown go mostly to Knitters.

In regard, the question, we understand, is to spin these yarns on mules. Now, we spin some on mules and some on rings, to suit our customers and comply with the customers requests for mule yarns.

Most of the English yarns imported into this country are mule spun yarns and we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishmen sells mule spun yarn at higher cost. The ring spinning cost of yarn will be fully covered under the cloth costings in which group they really belong."

Now, the point apparently that Mr. Hallam was covering in this letter was that in the case before the Tariff Board it was a matter of importance to determine the cost of production in England as compared with the cost of production in Canada?

A. I don't know that I have seen that letter before. I don't remember it.

Q. You took a very active part in connection with the case and the brief for the Canadian industry?

A. Correct.

Q. And the presentation of it before the Tariff Board?

A. And as a result -- the actual fact was that all information regarding mule spun yarn

was completely put before the Tariff Board.

Q. That may be. A. I mean actually.

Q. What I am coming at is how Mr. Whitehead's contention was developed; you see he points out that in England it is mule spinning and in Canada it is ring spinning. As a matter of fact, there are very few mules used in Canada now? A. The actual amount is on record.

Q. The actual amount of mule spinning, I think, with the Dominion Textile Company -- they say it is practically negligible and I think we had the same thing from Mr. Whitehead? A. Yes, the actual figures are in the Tariff Board records.

Q. But the mule spinning is a much more expensive operation than ring spinning as far as labour is concerned, at any rate? A. I would like to look that u

Q. Well, you don't know after presenting the case to th Tariff Board at Ottawa, you don't know that simple thing? A. There was a tremendous amount of information on that.

Q. Mr. Whitehead evidently thought that was the case because he says: "Most of the English yarns imported into this country are mule spun yarns and we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarn at higher cost".

A. As far as I am concerned --

BY THE COMMISSIONER: Q. Did you inform the Tariff Board? A. As far as I am concerned all the

was completely put before the Tariff Board.

Q. That may be. A. I mean nothing.

Q. What I am coming at is how Mr. Whitehead's contention was enveloped; you see he points out that in Ireland it is mule spinning and in Canada it is ring spinning. As a matter of fact, there are very few mules used in Canada now?

A. The actual amount is on record.

Q. The actual amount of mule spinning, I think, in the Dominion Textile Company -- the only it is practically negligible and I think we had the same being from Mr. Whitehead.

A. Yes, the actual figures are in the Tariff Board records.

Q. But the mule spinning is a much more expensive operation than ring spinning as far as labour is concerned, at any rate?

A. I would like to look this up.

Q. Well, you don't know after presenting the case to the Tariff Board in Ottawa, you don't know that simple fact?

A. There was a tremendous amount of information on that.

Q. Mr. Whitehead evidently thought that you had because he says: "Most of the English yarns imported into this country are mule yarns and we feel that we are absolutely [illegible] as obviously something to our disadvantage if we informed the Tariff Board that we use ring yarns at lower cost for the same purpose that the English mills use mule yarns."

As far as I am concerned --

Mr. [illegible]: Q. Did you inform the Tariff Board?

A. As far as I am concerned, all the

facts were placed before the Tariff Board; whatever happened on this, we did not pay any attention to that letter. We placed all the facts before them.

BY MR. McRUER: Q. What I want to get at is this, you told the Tariff Board they were using ring spun yarns which were produced at a lower cost for the same purpose as the Englishmen used mule spun yarns?

A. These costs were all put in, sir.

Q. Now, that is not the point; Mr. Whitehead is making a statement about his business. Now, Mr. Whitehead is a very capable manager of a very large business --

MR. KELLOCK: He is not making the statement to the witness; he is making it to Mr. Berry.

MR. McRUER: To the Cotton Institute of Canada, attention Mr. Berry, and I am sure Mr. Berry would not be very far away from Mr. Hallam.

MR. KELLOCK: You have the witnessx here. He didn't see it.

MR. McRUER: If you didn't see it I wonder why you didn't. If it was kept back from you and hidden from you, I wonder why. Now, here is a very definite statement that I should think would be very informative to the Tariff Board by Mr. Whitehead --

A. I can tell you this --

Q. Just a moment, I am asking you a question. You can tell me afterwards. He says here that as a matter of fact"most of the English yarns imported into this country are mule spun yarns and we feel that we

lists were placed before the Tariff Board; whatever happened on this, we did not pay any attention to that letter. We placed all the lists before them.

Q. Mr. McPhail: What I want to get at is this, you told the Tariff Board they were using rum yarns which were produced at a lower cost for the same purpose as the Englishmen used mule spun yarns?

A. These lists were all put in, sir.

Q. Now, that is not the point; Mr. Whitehead is making a statement about his business. Now, Mr. Whitehead is a very capable manager of a very large concern --

Mr. KELLOCK: He is not making the statement to the witness; he is making it to Mr. Berry.

Mr. McPHAIL: To the Cotton Institute of Canada, attention Mr. Berry, and I am sure Mr. Berry would not be very far away from Mr. Hallam.

Mr. KELLOCK: You have the witness here. He didn't see it.

Mr. McPHAIL: If you didn't see it I wonder why you didn't. If it was kept back from you and hidden from you, I wonder why. Now, here is a very damning statement that I think would be very interesting to the Tariff Board by Mr. Whitehead --

A. I can tell you this --

Q. Just a moment, I am asking you a question. You can tell me afterwards. He says here that as a matter of fact "most of the English yarns imported into this country are mule spun yarns and we feel that we

certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarn at higher cost". Now, what I am asking is, did you put that before the Tariff Board as a fact? A. All the facts were put before the Tariff Board.

Q. No, no,-- A. I don't know whether I put it in those words or not, but the complete information as to the use of the yarns spun in Canada and their cost was put before the Tariff Board.

Q. What I am getting at is this, did you put the conclusions that this man gave to you, and that was that ring spun yarns were lower cost than mule spun yarns in England and used for the same purpose or didn't you put a case before the Tariff Board that tried to show that the ring spun yarn in Canada cost more than the mule spun yarn in England?

A. Now, that is not right.

BY THE COMMISSIONER: Q. Just a minute --

A. We put the facts --

Q. Did you file any brief of your facts?

A. Yes, it is all on record, sir. The shorthand accounts will show what the discussion was. It went on for a couple of weeks. I cannot remember exactly the detail but we put all the facts before the Tariff Board.

Q. That is not a detail; that is a very substantial part of your whole case and you ought to remember what

certainly would be misleading something to our disadvantage if we introduced the tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishmen relle mule spun yarn at higher cost". Now, what I am asking is, did you put this before the Tariff Board as a fact? A. All the facts were put before the Tariff Board.

Q. No, no,-- A. I don't know whether I put it in those words or not, but the complete information as to the use of the yarns spun in Canada [illegible].

Q. What I am getting at is this, did you put the conclusions that this [illegible] gave to you, and that was that ring spun yarns were lower cost than mule spun yarns in England and uses for the same purpose or didn't you put a case before the Tariff Board that tried to show that the ring spun yarn in Canada cost more than the mule spun yarn in England?

A. Now, that is not right.

[illegible] --

A. We put the facts --

Q. Did you file any brief of your report?

A. Yes, it is all on record, sir. The stenographer accounts will show what the discussion was. It went on for a couple of weeks. I cannot remember exactly the detail but we put all the facts before the Tariff Board.

Q. That is not a detail; that is a very essential part of your whole case and you ought to remember

was done about it.

BY MR. McRUER: Q. Didn't your case take this form in regard to the ring spun yarns, that when you considered the investment in machinery, when you considered the cost of the labour, and all that, it came up in Canada so that it was more than it was in England; wasn't that your proposition? A. I don't think that had anything to do with this question.

Q. Whether it had anything to do with this question or not, the proposition you were putting before the Tariff Board in regard to cotton yarns was that when you considered the cost of the machinery and the cost of labour the cost was more in Canada than it was in England?

MR. KELLOCK: My lord, I am told by Mr. Berry that he handled that particular matter, and that the suggestion that my friend makes is quite incorrect. If my friend wants to examine Mr. Berry on the point he is right here.

MR. McRUER: Mr. Hallam was presenting the case for these people, Mr. Berry was not.

THE WITNESS: Mr. Berry was my assistant on it.

BY THE COMMISSIONER: Q. If Mr. Berry has such a clear recollection why haven't you? A. Because a lot of this material was prepared in Mr. Berry's office.

Q. It is not a question of preparing the material. It is a question of the gist of your whole case. Surely if you presented that whole case you

was done about it.

BY MR. MOTHER: Q. Didn't your case take this form in regard to the free rum press, that when you considered the investment in machinery, when you considered the cost of the labour, and all that, it came up to Canada so that it was more than it was in England; wasn't that your proposition? A. I don't think that had anything to do with this question.

Q. Whether it had anything to do with this question or not, the proposition you were putting before the Tariff Board in regard to cotton yarns was that when you considered the cost of the machinery and the cost of labour the cost was more in Canada than it was in England?

MR. FORLEY: My lord, I am told by Mr. Berry that he handles that particular matter, and that the suggestion that my friend makes is quite incorrect. If my friend wants to examine Mr. Berry on the point he is right here.

MR. MOTHER: Mr. Mellen was presenting the case [illegible]

[illegible]

BY THE COMMISSIONER: Q. If Mr. Berry has such a clear recollection why haven't you [illegible] A. [illegible] lot of this material was presented in Mr. Berry's [illegible].

Q. It is not a question of remarking the material. It is a question of the size of your whole case. Surely if you presented that whole case you

ought to be able to answer this question of Mr. McRuer's. It is not a mere incidental detail, it is your whole case. A. I don't think it is our whole case.

Q. Oh well, you must have been endeavouring to show high costs of production in Canada?
A. We showed what the cost of production was in Canada.

Q. You had different modes of production in Canada; you have there certain things that Mr. Whitehead says should not be disclosed; did you disclose them or not? A. They were disclosed.

Q. Although they were to your disadvantage?
A. Although they were to our disadvantage, and--

BY MR. McRUER: Just let me see, Mr. Hallam --
A. Pardon me one moment, the judge asked me a question. Our policy has been in tariff matters, and I think it is a perfectly sound one, that in tariff matters there is no use in talking anything but the facts.

Q. Look now, Mr. Hallam, if you had gone to the Tariff Board at the hearing that was brought under the treaty with Canada and Great Britain and made this statement to them would there have been any further hearing in respect to yarns? A. I didn't just get your question, sir.

Q. Well, the whole case that the Tariff Board was listening to was whether the duty was more than was necessary to equalize the cost of production here and the cost of production in England?
A. We got the facts, sir, and the difference in the production methods in England and Canada were

ought to be able to answer this question of Mr. McFuter's. It is not a mere incidental detail, it is your whole case.

A. I don't think it is my whole case.

Q. Oh well, you must have been endeavoring to show high costs of production in Canada?

A. We showed what the cost of production was in Canada.

Q. You had different modes of production in Canada; you have there certain things that Mr. Whitehead says should not be disclosed; did you disclose them or not?

A. They were disclosed.

Q. Although they were to your disadvantage?

A. Although they were to our disadvantage, ma--

BY MR. MORGAN: Just let me see, Mr. Mullen --

A. Pardon me one moment, the Judge asked me a question. Our policy has been in tariff matters, and I think it is a perfectly sound one, that in tariff matters there is no use in telling anything but the truth.

Q. Look now, Mr. Mullen, if you had gone to the Tariff Board at the hearing that was brought under the treaty with Canada and Great Britain and made this statement to them would there have been further hearing in respect to yarns?

A. I didn't get your question, sir.

Q. Well, the whole case that the Tariff Board was listening to was whether the duty was necessary to equalize the cost of production here and the cost of production in England?

A. By the Tariff Board, sir. Was you interested in the Tariff Board?

MR. MORGAN: Is Mullen and Co. yarns

clearly set out by both sides, both in England and Canada, and that we used ring spun yarns where in many cases the Englishman uses mule spun yarns. That was set out.

Q. That is not my point at all, Mr. Hallam, if you can just follow it. It is not whether you disclosed that you used ring spun yarns here and that they used mule spun yarns in England? A. Mule spun yarns here and ring spun in England.

Q. No, no,--

BY THE COMMISSIONER: Q. You are upside down? A. I am sorry, yes.

BY MR. McRUER: Q. That is not the question I am asking you whether it was disclosed; I am asking you whether it was disclosed that the ring spun yarns here were used at a lower cost for the same purpose and the Englishman sells mule spun yarns at a higher cost? A. Yes, that was disclosed because we put down -- in all our material we put down whether it was ring spun or mule spun.

Q. Yes, but it isn't that you put down whether it was ring spun or mule spun. I will come to it, Mr. Hallam, if it takes me all day. Did you disclose the conclusion that Mr. Whitehead put down here and that was that Canadian yarns were at a lower cost than British yarns? A. Wait till I get that right; whatever the facts were they were disclosed.

(page8380 follows)

directly not certainly only plain. And in England and Canada, and that we used rifled open barrel where laymen across the Englishmen used smile open barrel. That was all.

Q. That is not my point at all, Mr. Hollum, if you can listen to it. It is not another one disclosed that you used rifled open barrel and that they used smile open barrel in England? A. Smile open barrel here and rifled open in England.

Q. No, no.--

BY THE CHAIRMAN: Q. You are speaking down?

A. I am sorry, yes.

BY MR. MORRIS: Q. That is not the question I am asking you whether it was disclosed; I am asking you whether it was disclosed that the rifled open barrel were used at a lower cost for the same purpose and the Englishmen used smile open barrel at a higher cost? A. Yes, that was disclosed because we put down -- in all our material we put down whether it was rifled open or smile open.

Q. Yes, but it isn't that you put down whether it was rifled open or smile open. I will come to it, Mr. Hollum, if it takes me all day. Did you disclose that Canadian barrel was at a lower cost than smile barrel? A. Not that I can say right whether the items were disclosed.

(Resumed follows)

Q. No, that won't do. The whole point of your case before the Tariff Board was that it cost more to produce yarn here than it cost in Great Britain? A. That is correct.

Q. Mr. Whitehead says here that it does not- What did you mean by going to the Tariff Board with a case of that kind in face of this letter from Mr. Whitehead without at least disclosing Mr. Whitehead's letter to the Tariff Board?

MR. KELLOCK: Why don't you produce anything to show that he did make that disclosure?

MR. McRUER: I am asking him.

MR. KELLOCK: Well, he has given you an answer.

MR. McRUER: No, he has not. He has given me an answer that he disclosed ring spun and mule spun, &c. - I am ---

MR. KELLOCK: The witness has said that there were prices filed in writing and proceedings before the Board taken in shorthand.

THE COMMISSIONER: We know that. There is nothing gained by the witness reciting what took place before the Board. The question before him is a very plain one and I cannot see why he cannot answer it. He is shown this letter which asserts certain facts - Mr. Whitehead might have been mistaken; still he ought to know. If he is not mistaken and he says there he is afraid the disclosure of these facts would hurt his case. Cannot the witness

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. That is correct.

. Mr. Whitehead says here that it does not. What did you mean by going to the Tariff Board with a case of that kind in face of this letter from Mr. Whitehead without at least disclosing Mr. Whitehead's letter to the Tariff Board?

MR. ADLICOM: Why don't you produce anything to show that he did make that disclosure?

MR. MONTAGUE: I am asking him.

MR. ADLICOM: Well, he has given you an answer.

MR. MONTAGUE: No, he has not. He has given me an answer that he disclosed ring spun and mule spun.

. - I am ---

MR. ADLICOM: The witness has said that there were notes filed in writing and proceedings before the Board taken in shorthand.

THE COMMISSIONER: We know that. There is nothing gained by the witness recalling what took place before the Board. The question before him is a very plain one and I cannot see why he cannot answer it. He is shown this letter which asserts certain facts - Mr. Whitehead says some such disclosure - and he will be caught to know. If he is not mistaken and he says there he is afraid the disclosure of those facts would hurt his case. Cannot the witness

tell us wether the facts were disclosed or not---

MR. KELLOCK: All I am pointing out to your lordship is that the witness cannot recollect it.

THE COMMISSIONER: Why cannot he recollect it? It is an easy way to answer the question.

Q. You swear you cannot recollect it? A. Which is that? Whether it was disclosed or not? I can tell you what was done.

Q. No, the question was not what was done - that would take a long time, the record is there, but on this one very substantial point in Mr. Whitehead's letter must recall to your mind what was the thing he was afraid to disclose to the Board. That is an easy question to answer? A. I would say, yes.

Q. Do you say Yes? A. Yes, because we gave a complete list of the costs of producing mule-spun yarn in Canada, ring-spun yarn in Canada, production and what they were used for.

MR. McRUER: Q. In support of the case to the Board that it cost more to produce yarn in Canada than in England - that was your contention to the Board? A. That was the contention to the Board.

Q. But Mr. Whitehead says it does not? A. In some cases.

Q. He makes a complete statement in reference to it: "Most of the English yarns ---" This is dealing wit most of them - "imported into this country are mule-spun yarns and we feel that we

tell us whether the facts were disclosed or not---

MR. MILLSON: All I am pointing out to your lordship is that the witness cannot recollect it.

LORD COMMISSIONER: May cannot be recollect it? It is an easy way to answer the question.

Q. You swear you cannot recollect it?

A. Which is what? Whether it was disclosed or not? I can tell you what was done.

Q. No, the question was not what was done - that would take a long time, the record is there, but on this one very essential point in Mr. Whitehead's letter was I recall to your mind what was the I long he was afraid to disclose to the Board. That is an easy question to answer? A. I would say, yes.

Q. Do you say Yes? A. Yes, because we gave a complete list of the costs of producing white-spun yarn in Canada, ring-spun yarn in Canada, production and what they were used for.

MR. MCKAY: Q. In support of the case to the Board that it cost more to produce yarn in Canada than it is imported - that was your contention to the Board? A. That was the contention to the Board.

Q. But Mr. Whitehead says it does not? A. In some cases.

Q. Is there a regular schedule in existence as to what is the duties upon ---- This is leading all most of them - imported into this

certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring-spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarns at higher cost."? A. Irrespective of what Mr. Whitehead said the facts were put before the Tariff Board.

Q. No, it is not a question of that. I am saying did you put before the Tariff Board that the Canadian yarns cost more to produce than the English yarns?

BY THE COMMISSIONER: Q. Did you or did you not? A. We put forward the costs of the two countries. There is a tremendous range of yarns; this is only covering part of them. Q.

Q. Here is a general application asking for certain tariff protection. Now, the basis of it must have been either their cost of production was higher than the others, is not that right? A. Yes.

Q. Well, you did say then, notwithstanding Mr. Whitehead's letter, you did make assertions that Canddian costs of production were higher than that of Britain? A. On some yarns. There is a tremendous range of yarns.

MR. McRUER: Q. Did you not take your case before the Tariff Board on the range of yarns taken as a whole, the cost in Canada was higher than the cost in Great Britain? A. No, sir. What happened

certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we was ring-spun yarns at lower cost for the same purpose that the Anglo-Saxon mills make spun yarns at higher cost."? A. Irrespective of what it.

Whitehead said the facts were put before the Tariff Board.

Q. No, it is not a question of that. I am asking did you put before the Tariff Board that the Canadian yarns cost more to produce than the English yarns?

BY THE COMMISSIONER: Q. Did you or did you not?

A. We put forward the costs of the two countries. There is a tremendous range of yarns; this is only spinning just at hand.

Q. Here is a general application asking for certain tariff protection. Now, the basis of it must have been either their cost of production was higher than the others, is not that right?

A. Yes.

Q. Well, you did say then, notwithstanding Mr. Whitehead's letter, you did make assertions that Canadian costs of production were higher than that of Britain? A. On some yarns. There is a tremendous range of yarns.

MR. MCKAY: Q. Did you not take your case before the Tariff Board on the issue of yarns taken as a whole, the cost in Canada was higher than the cost in Great Britain? A. No, sir. That statement

was this; the Englishman usually apply to have the tariff examined on the basis of costs.

Q. And you are opposing it? A. And we were opposing it.

Q. And opposing it vigorously? A. And opposing it vigorously.

Q. And do you mean to say that in opposing it vigorously you came to the Tariff Board and told them that the British cost was higher than the Canadian? A. We put before them the cost of the yarn and the records will speak for themselves.

Q. The sum total of your case would be along a certain line and the sum total was along the line that the Canadian cost was higher than the British.

BY THE COMMISSIONER: Q. Is that right? A. Well, I did not know what the British costs were. We had no method of telling what the British costs were.

MR. McRUER: Well, Mr. Whitehead is telling you---

BY THE COMMISSIONER: Q. Were you just working in the dark then without knowing the other's case? A. Yes, exactly. What happened---

Q. I thought the British people came here and said what their costs were - I thought the British applicants came here and showed what their costs were? A. No, the British applicants gave to the Tariff Board their costs and we did the same thing and gave the information that the Tariff Board

was this; the Pelhamites usually apply to have the tariff examined on the basis of costs.

Q. And you are opposing it? A. And we were opposing it.

Q. And opposing it vigorously? A. And opposing it vigorously.

Q. And do you mean to say that in opposing it vigorously you came to the Tariff Board and told them that the British cost was higher than the Canadian? A. We put before them the cost of the farm and the records will speak for themselves.

Q. The sum total of your case would be along a certain line and the sum total was along the line that the Canadian cost was higher than the British.

BY THE COMMISSIONER: Q. Is that right? A. Well, I did not know what the British costs were. We had no method of telling what the British costs were.

MR. MONDER: Well, Mr. Whitehead is telling you---

BY THE COMMISSIONER: Q. Were you just working in the dark then without knowing the others costs? A. Yes, exactly. That happened---

Q. I thought the British people came here and said what their costs were - I thought the British applicants came here and showed what their costs were? A. No, the British applicants gave to the Tariff Board their costs and we did the same

asked on our side. We did not show each other's costs on yarns, sir. We are discussing yarns. We wanted to, we asked that they be disclosed and we have a round table talk but the Englishman did not want it done.

MR. McRUER: Q. At any rate, that was your contention and some gentlemen have criticized the Tariff Board, &c., but I have got the reference here and I can probably just see what the Board said in the reference.

THE COMMISSIONER: We will adjourn for a few minutes.

-- Adjourned at 11.55 A.M.

-- On resuming at 12.05 P.M.

MR. McRUER: Q. I just want to remind you of what the matter was that you were appearing on before the Tariff Board. It was an application under the provisions of Article 21 of the Treaty, which reads as follows: "His Majesty's Government in Canada undertake that during the currency of this agreement the Tariff will be based on the principle that protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative costs of economical and efficient production, provided that in the application of such principle special consideration may be given to the case of industry not fully established."

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zeal on yours, sir. We are discussing years.
We wanted to, we asked that they be disclosed and
we have a round table talk but the Australian did not
want it done.

MR. MORRISON: Q. At any rate, that was your
contention and some gentlemen here criticized the Tariff
Board, do, but I have got the references here and I
can probably just see what the Board said in the
[illegible].

THE COMMISSIONER: We will adjourn for a few
minutes.

-- Adjourned at 11.55 A.M.

-- On resuming at 12.05 P.M.

MR. MORRISON: Q. I just want to remind you of
what the matter was that you were arguing on before
the Tariff Board. It was an application under
the provisions of Article 21 of the Treaty, which
reads as follows: "His Majesty's Government in
Canada undertakes that during the currency of this
agreement the Tariff will be based on the principle
that protective duties shall not exceed such a level
as will give United Kingdom producers full opportunity
of reasonable competition on the basis of the
relative costs of economical and efficient production,
provided that in the application of such principle
special consideration may be given to the case of
industry now fairly established."

I see that there are certain gentlemen appeared in support of the application, that was, for reduction of tariff, and that the head one on the list in opposition to the application was Douglas Hallam, so that according to the record you were opposing the reduction in the tariff under the principle that is applied in the Treaty.

THE COMMISSIONER: When was this application heard, according to this?

MR. McRUER: Well, December 3rd, 1935.

Q. Now, if the cost of production of these yarns was lower in Canada than it was in Great Britain, how could you oppose the application under the provision of the Treaty.?

A. MR. McRuer, as I told you, I had not seen that letter before and I went over it very carefully and I checked with Mr. Berry on the facts and what this letter says is this: Mr. Whitehead is selling yarns in Canada in competition with English manufacturers who are exporting yarn to Canada. He was selling at a lower cost---

Q. The letter does not say anything of the kind.

A. He said, "we use ring spun yarns at lower cost ... " - which he means to the user - "....for the same purpose that the Englishman sells mule spun yarn at higher cost." At a higher cost to the user, duty paid, and he did not want that fact disclosed because the Englishman would then turn to ring spun yarns to come

I see that there are certain gentlemen appeared in support of the application, that was, for reduction of tariff, and that the head one on the list in opposition to the application was Mr. Berry, at least according to the record you were opposing the reduction in the tariff under the principle that is applied in the Treaty.

Mr. CARVELL: Some one talk twaddle about, according to this?

Q. Now, if the cost of production of these yarns was lower in Canada than it was in Great Britain, how could you oppose the application under the provision of the Treaty.?

A. MR. Mulvey, as I told you, I had not seen that letter before and I must have it read carefully and I checked with Mr. Berry on the facts and what this letter says is this: Mr. Whitehead is selling yarns in Canada in competition with English manufacturers who are exporting yarn to Canada. He was selling at a lower cost---

Q. The letter does not say anything of the kind.

A. He said, "We can ship yarns at lower cost ..." - which he means to the user - "....for the same purpose that the Englishman sells such yarn at higher rate." It is right that he the user, that said, and he did not want that fact disclosed because the Englishman would then turn to ring down yarns to come

into the market.

BY THE COMMISSIONER: Q. That is this explanation? A. Mr. Whitehead had built up a business in ring spun yarn for certain purposes in Canada which, prior to that time, had been used for mule spun yarns. The Englishman was trying to sell mule spun yarns for the same purposes which, duty-paid, were at higher cost and he did not want to disclose to the Tariff Board, which he thought would disclose to the Englishman, what he was doing, for the Englishman would then switch over and try to sell ring spun yarns for these purposes.

MR. McRUER: Q. Just let us test that explanation? A. Can I tell you what we did?

THE COMMISSIONER: In order to get back to where we started from read Mr. Whitehead's statement again.

MR. McRUER: "Most of the English yarns imported into this country are mule spun yarns and we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarn at higher cost. The ring spinning cost of yarn will be fully covered under the cloth costings in which group they really belong."

Now, Mr. Hallam, I want to be sure that I understand your proposition, and that is, that you say that Mr.

line the matter.

MR. THE CHAIRMAN: Q. Just is this explanation?

A. Mr. Whitehead had built up a business in ring spun yarn for certain purposes in Canada which, prior to that time, had been used for mule spun yarns. The Englishman was trying to sell mule spun yarns for the same purposes which, duty-paid, were at higher cost and he did not want to disclose to the Tariff Board, which he thought would disclose to the Englishman, what he was doing, for the Englishman would then switch over and try to sell ring spun yarns for these purposes.

MR. MORRISS: Q. Just let me test that explanation.

A. Can I tell you what we did?

THE CHAIRMAN: In order to get back to where we started from read Mr. Whitehead's statement again.

MR. MORRISS: "Most of the English yarns imported into this country are mule spun yarns and we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we see ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarn at higher cost. The ring spinning mill is still in full operation and the down goodness in mules grow they really belong."

MR. MORRISS: I may be mistaken but I am trying to get at the reasonableness of the Tariff Board's

Whitehead did not want it disclosed that they do ring spinning in his mill instead of mule spinning?

A. No.

MR. KELLOCK: That is not what he says at all.

THE WITNESS: I said that for certain uses Mr. Whitehead had developed the use of ring spun yarns, which and the Englishman was attempting to sell mule-spun yarns in this country for, and he considered it would be to his disadvantage if he told his competitors that was the case because they would then turn to ring spun yarns, and may I say what ---

Q. Let us read the whole letter again:

"We have read over your letter of October 31st very carefully....."

I wonder if I could find that letter?

THE COMMISSIONER: Q. Where is that letter?

A. Where would that letter be?

MR. BERRY: I believe there is a copy in Toronto. We will send it over for the files.

MR. McRUER: "We have read over your letter of October 31st very carefully, and, in our opinion, feel that it would be unwise to bring up this question of ring yarns."

Now, ring yarns was all the yarn practically that was spun in Canada? A. Yes, sir. The facts are put down some place, it will be given.

Q. Practically all ring yarn? A. There is a substantial amount of ring yarns.

Mulcrand did not want it disclosed that they do ring spinning in the mill instead of mule spinning?

A. No.

MR. MACDONALD: That is not what he says at all.

THE COMMISSIONER: I said that for certain weeks Whitehead had developed the use of ring spun yarns, and the Dominion was attempting to sell mule-spun yarns in this country for, and he considered it would be to his disadvantage if he told his competitors that was the case because they would then turn to ring spun yarns, and may I say what ---

Q. Let us read the whole letter again:

"We have read over your letter of October 31st very carefully....."

I wonder if I could find that letter?

THE COMMISSIONER: Q. Where is that letter?

A. Where would that letter be?

MR. MACDONALD: I believe there is a copy in Toronto. We will send it over for the files.

MR. MACDONALD: "We have read over your letter of October 31st very carefully, and, in our opinion, feel that it would be unwise to bring up this question of ring yarns."

Now, ring yarns was all the yarn practically that was spun in Canada? A. Yes, sir. The 1 cts are put down some place, it will be given.

Q. Practically all ring yarns? A. There is a substantial amount of ring yarns.

Q. There is practically no mule spun yarn in Canada? A. I have forgotten the figures, I would have to look them up.

Q. We have them in the Government statistics which will show the number of ring spindles and number of mules, &c? A. Yes.

Q. So that there is no secret about rings and mules.

" As you know, the hearing on these yarns "covers yarns for sale, which yarns covered "by the counts shown go mostly to knitters."

THE COMMISSIONER: No, which yarns covered by the cost shown go mostly---

THE WITNESS: That is what it is here, the count shown, not cost.

MR. McRUER: Q. So that it was the knitters raw material that he was evidently talking about? A. That is correct.

Q. And then: "In England, the practice, we under- "stand, is to spin these yarns on "mules. Here, we spin some on mules "and some on rings, to suit our own "convenience and comply with the "customers requests for mule yarns."

Now, what he is saying is that a customer asks for mule yarns and he spins some of mules and some on rings, as he likes, and it comes to the customer and he does not know any difference.

MR. KELLOCK: Exactly.

Q. There is practically no mile-run year in Canada? A. I have forgotten the figures, I would have to look them up.

Q. We have them in the Government statistics which will show the number of ring splicing and number of miles, eh? A. Yes.

Q. So that there is no secret about rings and miles.

"As you know, the Section on these pages covers pains for mile, which pains covered the whole about is mostly to military."

THE CONSTABLE: So, which pains covered by the cost shown go mostly---

THE WITNESS: That is what it is here, the count [illegible]

Q. Mr. Hart: Mr. Hart is now the initiator new material that he was evidently taking about

A. That is correct.

Q. And then: "In England, the practice, we under "stand, is to spin these pains on "mules. Here, we spin some on mules "[illegible] "convenience and comply with the "customers requests for mile pains." Now, what is saying is that a customer asks for mile pains and he spins some of mules and some on rings, as he likes, and it comes to the customer [illegible]

Mr. Hart: Exactly.

Q. And then he goes on to say:

"Most of the English yarns imported into this "country are mule spun yarns . ."

So that you say the Englishman used mules and he used rings. He may fool his customer, but all right, he is using rings.

" . . .and we feel that we certainly would "be disclosing something to our disadvantage "if we informed the Tariff Board that we use "ring spun yarns at lower cost for the same "purpose that the Englishman sells mule spun "yarn at higher cost."?

A. At higher cost, duty paid.

Q. He does not say that at all? A. He does not say it is higher cost in England.

Q. He says "Englishman sells mule spun yarns at higher cost." All I am getting back to again is--Did you disclose this fact that he is setting out in his letter to the Tariff Board? A. This is what happened:

Q. We have got to go back to what happened? A. Exactly.

Q. If I have to listen to all that happened before the Tariff Board it will take a long time?

A. I think I should have an opportunity to answer a technical question.

MR. KELLOCK: My friend only wants Yes or No to that question.

THE WITNESS: Yes.

MR. McRUER: Q. You disclosed to the Tariff

Q. And then he goes on to say:

"Most of the English terms imported into this
"country are mule spun yarns . . ."

So that you see the Englishman used mules and he used
rings. He may fool his customer, but all right,
he is using rings.

" . . .and we feel that we certainly would
"be disclosing something to our disadvantage
"if we informed the Tariff Board that we are
"using spun yarns at lower cost for the same
"purpose that the Englishman mells mule spun
"yarn at higher cost."?

A. At higher cost, duty paid.

Q. He does not say that at all? A. He
does not say it is higher cost in England.

Q. He says "Englishman mells mule spun yarns
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is--Did you disclose this fact that he is mettling out
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is what happened:

Q. We have got to go back to what happened?

A. Exactly.

Q. If I have to listen to all that happened
before the Tariff Board it will take a long time?

A. I think I should have an opportunity to answer
technical question.

MR. LAMONT: My friend only wants Yes or No
to that question.

Q. Yes.

Board that they were selling ring spun yarns here as mule spun yarns at a lower cost than they were selling mule spun yarns in England--did you disclose that fact?

THE COMMISSIONER: From England.

MR. McNUER: Q. From England--did you disclose that fact? A. I am sorry I did not follow that question. Would you mind putting it again?

Q. Did you disclose to the Tariff Board that they were selling the ring spun yarn in Canada as mule spun yarn at a lower price than the Englishman was selling mule spun yarns--did you disclose that? A. We disclosed the fact--I will say we disclosed the fact that wer were selling ring spun yarns in Canada to knitters at a lower price than mule spun yarns, duty paid, came into the country.

Q. I am asking you--did you disclose the fact that they were selling ring spun yarn as mule spun? A. I dont know it is a fact, if it is a fact.

Q. Is not he setting that out? He says: if we disclosed that to the Tariff Board it is going to be to our disadvantage--that they were selling them here at a lower cost than the Englishman was selling his ring spun yarns at a higher cost? A. If that was a fact I did not know it.

Q. I am telling you. Did Mr. Whitehead appear before the Tariff Board? A. He was present, I dont know whether--

Q. Yes, I see he is marked among those opposing the application? A. He was present. My Lord,

proved that they were selling ring spun yarns here at a lower price and a lower duty than they were selling mule spun yarns in England--did you disclose that fact?

[illegible]: [illegible].

Mr. McKEAN: Q. From England--did you disclose that fact? A. I am sorry I did not follow that question. Would you mind putting it again?

Q. Did you disclose to the Tariff Board that they were selling the ring spun yarn in Canada as mule spun yarn at a lower price than the Englishman was selling mule spun yarn--did you disclose that? A. [illegible] disclosed the fact--I will say we disclosed the fact that we were selling ring spun yarns in Canada to Kniters at a lower price than mule spun yarns, duty paid, came into the country.

Q. I am asking you--did you disclose the fact that they were selling ring spun yarn as mule spun? A. I dont know it is a fact, if it is a fact.

Q. To not be getting that out? He says: If we disclosed that to the Tariff Board it is going to be to our disadvantage--that they were selling them here at a lower cost than the Englishman was selling his ring spun yarns at a higher cost? A. If that was a fact I did not know it.

Q. I am telling you. Did Mr. Whitehead appear before the Tariff Board? A. [illegible],

I dont know whether--

Q. Yes, I see he is [illegible] [illegible] [illegible] A. [illegible]

could I have an opportunity to explain what was done in this case?

THE COMMISSIONER: What do you want to explain?

THE WITNESS: The Englishman submitted a list of mule spun yarns, which he proposed that costs should be obtained by the Tariff Board both in England and in Canada. In that first list there was no ring spun yarns. The Canadians agreed with the Tariff Board to submit a corresponding list of mule spun yarns. In addition we suggested to the Tariff Board, and the records will show it, that because mule spun yarns did ---

MR. McRUER: Excuse me, you are reading from something you prepared? A. I am reading from notes and it is correct.

Q. A note you wrote out in the intermission?

A. I think you will find that--I think you have a copy of it--you will find that in my Progress Report.

Q. All right, but I was just wondering why?

A. I did not know where it was, until it was drawn to my attention again.

THE COMMISSIONER: Go ahead.

THE WITNESS: In addition the Englishman put in first only a list of mule spun yarns. When we got that list we pointed out to the Tariff Board that that did not cover the whole story and in addition---

Q. Why did not it cover the whole story?

A. Because we made the bulk of our yarns in this country--they were ring spun. We supplied

could I have an opportunity to explain what was done in this case?

THE COMMISSIONER: What do you want to explain?

THE WITNESS: The Englishman submitted a list of mule spun yarns, which he proposed that costs should be obtained by the Tariff Board both in England and in Canada. In that first list there was no ring spun yarns. The Canadians agreed with the Tariff Board to submit a corresponding list of mule spun yarns. In addition we suggested to the Tariff Board, and the Tribunal will know it, that because mule spun yarns did ---

MR. MORGAN: Excuse me, you are reading from something you prepared? A. I am reading from notes and it is correct.

Q. A note you wrote out in the interpretation?

A. I think you will find that--I think you have a copy of it--you will find that in my Previous Report.

Q. All right, but I was just wondering why?

A. I did not know where it was, until it was drawn to my attention again.

THE COMMISSIONER: [illegible]

THE WITNESS: In addition the Englishman put in first only a list of mule spun yarns. When we got that list we pointed out to the Tariff Board that that did not cover the whole story and in addition---

Q. Why did not it cover the whole story?

A. Because we made the bulk of our yarns in

a supplementary list of ring spun yarns and those were costed and put into the Tariff Board.

MR. McRUER: Q. You see, that is not the point at all? A. We gave a list showing the complete production in Canada and their uses and this was exactly what Mr. Whitehead said should not be done, as a matter of fact.

Q. A list showing the complete production in Canada and their uses? A. Yes, and their uses, to the Tariff Board.

Q. That is certainly not what Mr. Whitehead was dealing with it here? A. It is the use-- "that we use ring spun yarns for the same purpose that the Englishman sells mule spun yarns at higher cost. He does not mean it was cost in England, he means higher cost landed.

Q. Does he? A. No, he means a higher cost landed.

Q. That is not altogether clear? A. I mean very evidently---

THE COMMISSIONER: The term used there is 'cost' not price.

THE WITNESS: Cost to the user in Canada.

Q. He says, "we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarns at higher cost." ? A. Yes, higher cost to the person who is purchasing.

Q. And that is the thing that he did not want disclosed to the tariff Board? A. That is correct.

a supplementary list of ring spun yarns and those were coated and put into the Tariff Board.

MR. McRUER: Q. You see, that is not the point at all? A. We have a list showing the complete protection in Canada and their uses and this was exactly what Mr. Whitehead said should not be done, as a matter of fact.

Q. Did showing the complete protection in Canada and their uses, to the Tariff Board.

Q. Did he specifically say that to Mr. Whitehead was dealing with it here? A. It is the use--"that we use ring spun yarns for the same purpose that the Englishman sells mule spun yarns at higher cost. He does not mean it was cost in England, he means higher cost landed.

Q. Does not? A. No, he means a higher cost landed.

Q. That is not altogether clearly. A. I mean very evidently---

[illegible] higher price.

THE CHAIRMAN: Cost to the user in Canada.

Q. He says, "we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarns at higher cost." Q. That, higher cost to the person who is purchasing.

Q. And that is the thing that he did not want disclosed to the Tariff Board? Q. That a correct

Q. Is the evidence of those things given before the Tariff Board under oath? A. Yes, sir. I think the Tariff Board takes no statement for granted, they follow it down.

BY MR. McRUER: You do not suggest that the Tariff Board when it is dealing with the Textile Industry is dealing with such and unreliable source of information that they can take no statement for granted? A. No, but it is a very complicated matter, it is an extremely complicated matter.

Q. This is not complicated - this is a comparatively simple statement in a letter? A. If Mr. Walton has my copy - I remember giving him more than one copy of my "Progress Report"--I think that is stated in that.

Q. There is a lot of stuff along what you are talking about but this is a very neat question and that is whether the ring spun yarn that is used here and I think, from this letter, sold in a deceptive way, to the customers as mule spun yarn, is produced at a lower cost than the English mule spun yarn? A. Oh, you mean the cost in Canada, cost in England? It was not the question of higher cost there, is higher cost duty paid by the customer.

Q. That is not what it says.

BY THE COMMISSIONER: Are you sure of that because the Treaty talks of the cost of producing the article? A. All that Mr. Whitehead

Q. Is this evidence of these things given before the Tariff Board under oath? — Yes, sir.

I think the Tariff Board takes no statement for granted, they follow it down.

5 By Mr. Lafleur: You do not suggest that the Tariff Board when it is dealing with the textile industry is dealing with such and unreliable source of information that they can take no statement for granted? A. No, but it is a very complicated matter, it is an extremely complicated matter.

10 Q. This is not complicated - this is a comparatively simple statement in a letter? A. If Mr. Wilson has my copy - I remember giving him more than one copy of my "Tariff Review" - I guess that is stated in that.

15 Q. There is a lot of stuff along that you are talking about but this is a very most question and that is whether the ring spun yarn that is used here and I think, from this letter, such is a deceptive way, to the customers as male spun yarn, is produced at a lower cost than the English male spun yarn?

20 A. Oh, you mean the cost in Canada, cost in England? It was not the question of higher cost there, is higher cost duty paid by the customer.

Q. That is not what it says.

By Mr. Chairman: Are you sure of that because the Tariff talks of the cost of producing the

25 [illegible]

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apparently wanted to do was not to disclose to the Englishman---

Q. No, no, that may be your deduction but it is not apparent. What is apparent is that it would be disadvantageous in this case to inform the tariff Board of this thing. Here is a certain application by the Englishman asking for reduction of tariff. Mr. Whitehead was opposing it. Now, that is the case. Now, the letter says, "we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board," &c. Well, let us not disclose it. You say that means because the other side might adopt our methods. That is not the inference in this letter. He was talking of the disadvantage of informing the tribunal which was hearing the case of certain facts? A. Well, no matter what Mr. Whitehead suggested there - it was done.

MR. McRUER: Q. And the only thing you were dealing with before the Tariff Board, as his Lordship just pointed out to you, was the relative cost of economical and efficient production. That is the point that was before the Tariff Board and that he was talking about. Mr. Whitehead was no greenhorn before the Tariff Board? A. Mr. Whitehead's idea at the time and my idea too at the time was that all material that we put in to the Tariff Board would be laid on the table and discussed with the Englishman.

apparently wished to do was not to disclose to the [illegible]--

Q. No, no, that may be your deduction but it is not apparent. What is apparent is that it would be disadvantageous in this case to inform the tariff board of this thing. Here is a certain application by the Englishmen seeking for reduction of tariff. Mr. Whitehead was opposing it. Now, what is the case. Now, the letter says, "We feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board," &c. Well, let us not disclose it. You say that means because the other side might copy our methods. That is not the reference in this letter. He was talking of the disadvantage of informing the tribunal which was hearing the case of certain facts? A. Well, no matter what Mr. Whitehead suggested there - it was done.

Q. Now [illegible], and the only thing you have been-ing with before the Tariff Board, as you formerly just pointed out to Y u, was the relative cost of economical and efficient production. That is the point that was before the Tariff Board and that no [illegible]. [illegible] before the Tariff Board? A. Mr. Whitehead's idea at the time and my idea too at the time was that all material that we put in to the Tariff Board could be [illegible] discussed with the [illegible]

BY THE COMMISSIONER: Q. I thought you said you never saw this letter before? A. To my knowledge I had never seen it before.

Q. How do you know what his idea was? A. At that time the general idea in the trade, including my discussion with everybody, with Mr. Whitehead ---

Q. You said Mr. Whitehead's idea was the fear of revealing certain things to his competitor, and then you say you never saw this letter before? A. I never saw it before it came in here.

Q. The language of it is quite to the contrary. You cannot take any other meaning out of it at first sight, that we don't want to tell the Board these things, because it is avery important thing what we are doing and right against us and you say you never saw this letter before and still you swear you never knew anything different? A. You kept pressing me for an answer on it what it meant.

MR. McHUGH: Q. I have not been asking you for an answer what it meant at all, I have been asking you for an answer whether that was or was not disclosed to the Board. That is all I have been after for the last half hour? A. All I say is that the facts were fully disclosed to the Board.

Q. Your conclusion on what you put before the Board should disclose these facts but it is the simple summary I was asking - was that put before

BY THE COMMISSIONER: Q. I thought you said you never saw this letter before? A. To my knowledge I had never seen it before.

Q. How do you know what his idea was?

A. At that time the general idea in the trade, including my discussion with everybody, with Mr. Whitehead ---

Q. You said Mr. Whitehead's idea was the fact of revealing certain things to his connection, and then you say you never saw this letter before?

A. I never saw it before it came in here.

Q. The language of it is quite to the contrary. You cannot take any other meaning out of it at first sight, that we don't want to tell the board I see things, because it is every important thing that we are doing and right against us and you say you never saw this letter before and still you swear you never knew anything different? . You were pressing me for an answer on it what it meant.

MR. MONTGOMERY: Q. I have not been asking you for an answer what it meant at all, I have been asking you for an answer whether that was or was not disclosed to the Board. That is all I have been after for the last half hour? A. All I say is that the facts were fully disclosed to the board.

Q. Your conclusion on what you put before the board should disclose those facts but it is the simple accuracy I was asking - was that put before

the Board, and I think you will agree with me it was not? A. I will not agree with you on that.

Q. This statement that Mr. Whitehead made in here was not put before the Board as a statement of fact? A. What did he state?

Q. "Most of the English yarns imported into this country are mule spun yarns. ."? A. That statement was made all right.

Q. "...and we feel that we certainly would be disclosing something to our disadvantage if we informed the Tariff Board that we use ring spun yarns at lower cost for the same purpose that the Englishman sells mule spun yarns at higher cost."
And all I am asking you--was that simple statement put before the Tariff Board in that form? A. Well--

Q. Was it put before the Board as a statement of fact because I will look up the evidence? A. You can look up the evidence. It will be given in the tables.

Q. Not in tables--you do not need table for that. The whole thing is there in a sentence--dont need any tables for it. Was it put before the Board or was it not? He may have been right or may have been wrong or anything else butall I am getting at - that is the conclusion that Mr. Whitehead arrived at and was it put before the Board?
A. The fact was disclosed before the Board.

Q. In tables? I am asking you: Was that

the Board, and I think you will agree with me it was not? A. I will not agree with you on that.

Q. This statement that Mr. Whitehead made in 5 here was not put before the Board as a statement of fact? A. What did he state?

Q. "Most of the English yarns imported into this country are semi-dull yarns." C. That statement was made all right.

Q. "...and we feel that we certainly would be 10 disclosing something to our disadvantage if we informed the Tariff Board that we use plug yarns at lower cost for the same purpose that the English seller sells such a yarn at higher cost."

And all I am asking you--was that single statement 15 put before the Tariff Board in that form? A. Well--

Q. Was it put before the Board as a statement of fact because I will look up the evidence? A. You can look up the evidence. It will be given in 20 the tables.

Q. Not in tables--you do not need table for that. The whole thing is there in a sentence--some need a table for it. Was it put before the Board or was it not? He may have been right or may 25 have been wrong or anything else but all I am getting at - that is the conclusion that Mr. Whitehead arrived at was not put before the Board.

A. The fact was it closed before the Board.

Q. In tables? I am asking you--was that 30

conclusion put before the Board? A. I cannot tell you at this date in the exact wording.

Q. Well, we will leave that. I show you a letter dated April 4th, 1932, from the Holeproof Hosiery Company to yourself?

EXHIBIT 624: Letter dated April 4, 1932, from the Holeproof Hosiery Co. to Mr. Hallam.

Q. The Holeproof Hosiery is a subsidiary of an American Company, is not it? A. It is a subsidiary of an American Company with, I think, all the capital in Canada.

Q. What do you mean by American Company with all the capital in Canada? A. I think they formed it over here and I am informed, I do not actually know.

Q. They raised some money for it over here? A. Yes.

BY THE COMMISSIONER: Q. Where does this company operate ? A. At London, Ontario.

MR. McRUER: This reads as follows:

"We are in receipt of your circular letter of the 31st ult.

Item #1 - The working arrangement we have with our American Factory, is that we will not solicit any export business; however, at any time they are unable to meet Canadian competition in any foreign field, due to preferential tariffs which this country may have with Canada,

conclusion put before the Board? A. I cannot tell you at this date in the exact wording.

Q. Well, we will leave that. I show you a letter dated April 4th, 1922, from the Dolgproof Roofing Company to yourself?

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EXHIBIT 8Ka: Letter dated April 4, 1922, From the Dolgproof Roofing Co. to Mr. Mallam.

Q. The Dolgproof Roofing is a subsidiary of an American Company, is not it? A. It is a subsidiary of the American Company, I think, all the capital is Canada.

10

Q. What do you mean by American Company with all the capital in Canada? A. I think they formed it over here and I am informed, I do not know.

15

Q. They raised some money for it over here?

A. Yes.

BY THE CO-ARBITRATOR: Q. Where does this company operate? A. At London, Ontario.

20

MR. MONK K.C.: This reads as follows:

"We are in receipt of your circular letter of the 31st ult.

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Item #1 - The working arrangement we have with our American Parent, is that we will not solicit any export business; however, at any time they are unable to meet immediate requisition in any foreign field, due to preferential tariffs which this country may have with Canada,

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they turn this business over to us. At the present time we are shipping to South Africa." And the e are two or three other items. I think this is in reply to questionnaire. A. Reply to a questionnaire I had sent out to a tremendous number of people.

Q. That you had sent out in regard to export business? A. Yes, sir.

Q. The only thing I wanted to ask you was if you knew anything about arrangements that the Canadian Company would have with the American company that they would not compete in the export market with the American company? A. Nothing except what is stated here.

Q. Then the next letter is from the Supersilk Hosiery Mills Limited to the Silk Assocation dated the 4th of April, 1932.

EXHIBIT 625: Letter dated April 4, 1932, from the Supersilk Hosiery Mills Ltd. to the Silk Association of Canada.

MR. McKUEN: "We are in receipt of your circular letter of March 31st, with reference to the above subject.

Regarding question No. 1, we wish to state that the only line we manufacture is ladies' pure silk Full fashioned hosiery and naturally we are desirous of exporting this to all countries of the empire where it can be done on a profitable basis.

they turn this business over to us. A the present time we are adapting to South Africa." And these are two or three other items. I think this is in reply to questionnaire. A. Reply to a questionnaire I had sent out to a tremendous number of people.

Q. That you had sent out in regard to export business? A. Yes, Sir.

Q. The only thing I wanted to ask you was if you know anything about statements that the American company would have with the American company that they would not compete in the export market with the American company? A. Nothing except what is stated here.

Then the next letter is from the Superfilk Hosiery Mills Limited to the Silk Association dated the 4th of April, 1923.

EXHIBIT No. 5: Letter dated April 4, 1923, from the Superfilk Hosiery Mills Ltd. to the Silk Association of Canada.

Mr. Hoskin: We are in receipt of your circular letter of March 31st, with reference to the above subject.

Regarding question No. 1, we beg to state that the only line we manufacture is Ladies' pure silk full fashioned hosiery and naturally we are desirous of exporting this to all countries of the world where it can be done on a profitable basis.

Regarding paragraph No. 2, we would be quite in favour of the importation into Canada of Full Fashioned silk hosiery manufactured in Great Britain free of duty if our merchandise could be exported to Great Britain on the same basis with the understanding, however, that the exchange would be normal. We feel that this arrangement would be entirely satisfactory to Canadian manufacturers of Full fashioned pure silk hosiery. Of course, if the exchange were abnormal, as it is at the present time, this arrangement could not be so effective.

Regarding paragraph No. 3, we wish to say that there are certain supplies which we buy in the United States, the chief of which is our cottons. We have recently been buying the majority of them in England, as there has been a better price prevailing due to the exchange condition, etc. Insofar as machinery is concerned this particular phase would not interest us at the present time. One advantage, of course, in buying our cottons from the States is the prompt delivery we receive. We have been disappointed in deliveries in every order we have placed in England and in some cases have been seriously embarrassed and had to make arrangements for emergency supplies here.

We might mention at this time that we had exceptionally good business in New Zealand

Regarding paragraph No. 2, we would be quite in favour of the importation into Canada of full fashioned silk hosiery manufactured in Great Britain free of duty if our manufacturers could be granted to Great Britain on the same basis with the Americanadian, however, that the exchange could be normal. We feel that this information would be actually detrimental to Canadian manufacturers of full fashioned silk hosiery. Of course, if the exchange were abnormal, as it is at the present time, this arrangement could not be so effective.

Regarding paragraph No. 3, we wish to say that there are certain supplies which we buy in the United States, the order of which is our option. We have recently been buying the majority of them in England, as there has been a better price prevailing due to the exchange situation, also. Should we continue to [illegible] this particular item would not increase us at the present time. One advantage, of course, in buying our options from the States is the quick delivery we receive. We have been disappointed in deliveries in every order we have placed in England and in some cases have been particularly embarrassed and had to make arrangements for emergency supplies here.

We might mention at this time that a new

with our product until the trade agreement with Canada was broken several months ago."

That is, that they had been exporting stockings to New Zealand? A. I take it so.

Q. And this gentlemen, at any rate, seems to feel that he could compete with Great Britain on full-fashioned hosiery in an open field? A. Otherwise than exchange. Yes, his class of stockings is a particular type or a type that is not produced in England. They do not make the very fine gauges. They may make the very fine weights, but---

Q. At any rate, the Supersilk Hosiery Limited run quite a large establishment? A. Oh, quite a big establishment. They make a very good stocking.

Q. Whatever the article was he was prepared to compete in the open market with Great Britain? A. Yes, with Great Britain, provided England allowed it to go in.

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-- The Commission adjourned at 12.30 noon to resume at 2.30 P.M.

(Page 8405 follows)

with our product until the trade agreement with Canada was broken several months ago."

That is, that they had been exporting stockings to New Zealand? A. I take it so.

Q. And this gentleman, at any rate, seems to feel that he could compete with Great Britain on traditioned hosiery in an open field? A. Otherwise than exchange. Yes, his class of stockings is a particular type or a type that is not produced in Britain. They do not make the very fine gauge. Yes, they make the very fine quality, but——

Q. At any rate, the Dunerdale Hosiery Limited run quite a large establishment? A. Oh, quite a big establishment. They make a very good stocking.

Q. Whatever the article was he was prepared to produce in the open market also Great Britain? A. Yes, this Great Britain, providing tariffs allowed it to go in.

— The Commission adjourned at 1.30 noon to resume at 3.30 P.M.

(Page Next Follows)

AFTERNOON SESSION

-- On resuming at 2 P.M.

DOUGLAS HALLAM, Examination by Mr. McRuer, (Resumed):

HIS LORDSHIP: Mr. McRuer, before we proceed I think there was something left unfinished this morning and, for the purpose of the record, I think we had better have it all together.

In connection with the application that Mr. Whitehead's letter refers to, I do not think we were told the result of the application, and I think we had better put it on the record now.

Q. Can you tell us, Mr. Hallam? A. You mean, the application of the English cotton manufacture?

Q. Yes, what happened to it? A. I had better get it in my hands here.

MR. McRUER: The duties were modified. I have the report here if you are familiar with it.

THE COMMISSIONER: You mean the report of the Board?

THE WITNESS: I am familiar with the report of the Board, Mr. McRuer. There was a reduction in duty.

BY THE COMMISSIONER: Q. They report for a reduction in duty? A. For a reduction in duty, sir.

[illegible]

-- On resuming at 2 P.M.

[illegible] examination by Mr. Wohner.

(Resumed):

MR. LOGGHURST: Mr. Wohner, before we proceed I think there was something left unfinished this morning and, for the purpose of the record, I think we had better have it all together.

In connection with the application that Mr. Whitehead's letter refers to, I do not think we were told the result of the application, and I think we had better put it on the record now.

Q. Can you tell us, Mr. Hawkins? A. You mean the application of the English cotton manufacturer?

Q. Yes, what happened to it? A. I had better get it in my hands here.

MR. WOHNER: The duties were modified. I have the report here if you are familiar with it.

THE COMMISSIONER: You mean the report of the [illegible]?

THE WITNESS: I am familiar with the report of the Board, Mr. Wohner. There was a reduction in duty.

BY THE COMMISSIONER: Q. They report for a reduction in duty? A. For a reduction in duty, [illegible].

THE COMMISSIONER: That, I suppose, is the reduction which was incorporated in the last budget.

MR. McRUER: Yes, my lord.

THE COMMISSIONER: All right.

BY MR. McRUER: Q. It was incorporated in the budget, as reported by the Tariff Board? A. I think it was carried out exactly as the Tariff Board had reported.

Q. Now, I show you a letter from John Cowling, to you, dated February 21, 1934? A. That is correct.

Q. And it reads as follows:

"Strictly Confidential

"I have received your letter of the 20th February, and my first thoughts are that there would be some Silk Mills in the Province of Quebec who would not be very happy if wages were inquired into, but this might only refer to certain mills. I believe however, that the situation is a little better than it was some few months ago when Inspectors visited certain mills in Quebec, which resulted in adjustments being made.

It may be of course that an inquiry will be made into the Cotton Trade in regard to wages, and eventually they may inquire into the silk mills, but I cannot see that anything can be done about it in the meantime. Judging by the prices on goods being sold in Ontario, I doubt very much whether the wages are lower in Quebec than elsewhere.

THE COMMISSIONER: That, I suppose, is the reduction which was incorporated in the last budget.

MR. MONDER: Yes, my lord.

THE COMMISSIONER: All right.

MR. H. MONDER Q. It was incorporated in the budget, as reported by the Tariff in 1927 A. I think it was carried out exactly as the Tariff Board had reported.

Q. Now, I show you a letter from John Cowling, to you, dated February 21, 1928? A. That is correct.

Q. And it reads as follows:

"Tariff Commission

"I have received your letter of the 20th February, and my first thoughts are that there would be some Silk Mills in the Province of Quebec who would not be very happy if wages were inquired into, but this might only refer to certain mills. I believe however, that the situation is a little better than it was some few months ago when Inspectors visited certain mills in Quebec, which resulted in adjustments being made.

It may be of course that an inquiry will be made into the Cotton Trade in regard to wages, and eventually they may inquire into the silk mills, but I cannot see that anything can be done about it in the meantime. Judging by the prices on goods being sold in Ontario, I doubt very much whether

"We will have to 'cross the bridge' when we come to it."

Q. What inquiry was it that Mr. Cowling was referring to?

THE COMMISSIONER: Was Mr. Cowling then President of the Association?

THE WITNESS: If you will tell me the date I could easily tell you.

MR. McRUER: February 21, 1934.

THE WITNESS: Yes, Mr. Cowling was president.

THE COMMISSIONER: Then this will be Exhibit 626.

EXHIBIT 626: Letter from Mr. Cowling to Mr. Hallam dated February 21, 1934.

BY MR. McRuer: Q. What inquiry would it be that Mr.Cowling was referring to, that would probably take place in regard to wages?

THE COMMISSIONER: In the Province of Quebec.

BY MR. McRUER: Q. In the Province of Quebec, yes. A. I should think that was the Price Spreads, was it not?

Q. That would be Price Spreads Inquiry? A. Yes.

Q. And did the Silk Association take some action in regard to preparing a case, or meeting a case before the Price Spreads Inquiry? A. No,sir.

Q. Were there not meetings held? A. We held---

Q. In depending on how they were to deal with it, and how the matter of wages was going to be submitted,

"We will have to 'cross the bridge' when we come to it."

Q. What inquiry was it that Mr. Cowling was referring to?

THE COMMISSIONER: Was Mr. Cowling then President of the Association?

THE WITNESS: If you will tell me the date I could easily tell you.

MR. MORTON: February 21, 1936.

THE WITNESS: Yes, Mr. Cowling was president.

THE COMMISSIONER: Then this will be exhibit 326.

EXHIBIT 326: Letter from Mr. Cowling to Mr. Hallam dated February 21, 1936.

BY MR. MOLTER: Q. What inquiry would it be that Mr. Cowling was referring to, that would probably take place in regard to wages?

THE WITNESS: In the province of Quebec.

BY MR. MORTON: Q. In the province of Quebec, yes.

A. I should think that was the price agreement, was it not?

Q. That would be price agreement inquiry?

A. Yes.

Q. And did the Silk Association take some action in regard to presenting a case, or meeting a case before the Price Agreement Inquiry? A. No, sir.

Q. Were there not meetings held? A. Yes, I did---

Q. In regarding as how they were to deal with it

and so on? A. No, we did not do that. We did have the suggestion made originally that we should put a case in, but we did not do so. It was put in the hands of auditors, and the auditors went and got the information from the Mills, that is, the auditors for the Board.

Q. It was dealt with at one of your meetings, was it not, the Minutes ? A. That was an advance meeting, if I remember rightly, of the Primary Textiles Institute. I don't remember, - we may have discussed it at a Silk Association meeting, but I do not remember.

Q. It may have been that, it may have been a meeting of the Primary Textiles Institute?
A. We were not sure whether we were required to put in representations or not, and they finally decided to have the auditors obtain the information.

Q. Mr. Cowling, in speaking of the situation with regard to wages, states, that some mills in Quebec would not be very happy if they were inquired into. Do you have any idea what mills he was referring to? A. I think it subsequently came out in the inquiry that Binz was extremely low.

Q. Binz? A. Wait a minute, I would like to look at the report, sir.

Q. Oh, we know what came out in the inquiry. That I am asking you is, if you know what mills Mr. Cowling was referring to? A. I cannot tell you sir. There was some gossip in the trade--

and so on? A. No, we did not do that. We did have the suggestion made originally that we should put a case in, but we did not do so. It was put in the hands of auditors, and the auditors went and got the information from the mills, that is, the auditors for the Board.

Q. It was dealt with at one of your meetings, was it not, the minutes? A. That was an advance meeting, if I remember rightly, of the Primary Textile Institute. I don't remember, - we may have discussed it at a silk association meeting, but I do not remember.

Q. It may have been that, it may have been a meeting of the Primary Textile Institute?

A. We were not sure whether we were required to put in representations or not, and they finally decided to have the auditors obtain the information.

Q. Mr. Cowling, in speaking of the discussion with regard to wages, states, that some mills in Quebec would not be very happy if they were inquired into. Do you have any idea what mills he was referring to?

A. I think it probably was out in the inquiry that Ulman was extremely low.

Q. What?

A. Well a minute, I would like to look at the report, Sir.

Q. Oh, we know what came out in the inquiry. What I am asking you is, if you know what mills Mr. Cowling was referring to?

Q. That is not what I am asking you. I am merely asking you the simple question, do you know what mills Mr. Cowling is referring to? A. Not from that letter, sir.

Q. Of course, you don't know from this letter; I would not ask you if it was in the letter. I am merely asking you, if you know what mills he was referring to? A. Well, I am not sure. I cannot tell you from memory.

Q. Did you have any communications with him about it? A. Not more than that letter.

Q. Nothing more than this letter? A. No,

Q. You did not take it up with him? A. I did not follow it up.

Q. He goes on to say:

"I believe however, that the situation is a little better than it was some few months ago when Inspectors visited certain mills in Quebec, which resulted in adjustments being made."

Can you tell me what the occasion of the visit of the inspectors was? A. I presume he is referring to the Minimum Wage Board people. I presume that is what it is.

Q. So evidently at some time a few months prior to February 21st, 1934, there had been a visit of the representatives of the Minimum Wage Board to these mills, and things had been improved? A. Yes,

Q. That is not what I am asking you. I am merely asking you the simple question, do you know why Mr. Gowling is referring to ... not from that letter, sir.

A. Of course, you don't know from this letter; I would not ask you if it was in the letter. I am merely asking you, if you know what Mills he was referring to? ... Well, I am not sure. I cannot tell you from memory.

Q. Did you have any conversations with him about it? ... Not more than that letter.

Q. Nothing more than this letter? ... No.

Q. You did not have it up with him? ... I did not follow it up.

Q. He goes on to say:

"I believe however, that organization is a little better than it was some few months ago when inspectors visited certain mines in Ontario, which resulted in certain betterments being made."

Can you tell me what the occasion of the visit of the inspectors was? ... I presume it referring to the minimum wage board people. I presume that is what it is.

Q. So evidently at some time a few months before the January 1924, there had been a visit of the representatives of the minimum wage board to

according to that letter. I think what I did, sir, I asked him how about the, - what was his opinion of the difference in wages between Quebec and Ontario.

Q. I see this is an acknowledgement of a letter of yours of the 20th of February? A. I think that is all I asked him about at that time, sir.

Q. Well then, when you took part of the representations that were made to the Government in 1930, in August, 1930 , one of the chief things that was put to the Government was, what advantage would be derived by labour from higher tariffs?
A. Yes.

Q. That is a fact? A. Yes, there would be increased employment.

Q. Not only that, but they would be paid better wages? A. I never made that statement.

Q. Oh, I just want to be clear about that; the industry made no representations to the government that wages would be improved by reason of the higher tariffs? A. No, sir.

Q. That is correct? A. That is correct.

Q. So that in presenting the case to the Government, the interest of labour was not put before them at all in that respect? A. Well, I think increased employment, steady employment instead of part employment---

Q. Increased employment at startation wages--

MR. KELLOCK: There is no suggestion of that.

according to that letter. I think what I did, sir, I asked him now about the, - what was his opinion of the difference in wages between Quebec and Ontario.

Q. I see this is an acknowledgement of a letter of yours of the 20th of February? A. I think that is all I asked him about at that time, sir.

Q. Well then, some two weeks after the representations that were made to the Government in 1930, in August, 1930, one of the chief things that was put to the Government was, what advantage would be derived by labour from higher tariffs?

A. Yes.

Q. That is a fact? A. Yes, there would be increased employment.

Q. Not only that, but they would be paid better wages? A. I never made that statement.

Q. Oh, I just want to be clear about that; the industry made no representations to the government that wages would be improved by reason of the higher tariffs? A. No, sir.

Q. That is correct? A. That is correct.

Q. So that in presenting the case to the Government, the interest of labour was not put before them at all in that respect? A. Well, I think increased employment, steady employment instead of part employment---

Q. Continued employment at attractive wages--

THE WITNESS: I would not suggest that they are starvation wages.

BY MR. McRUER: Q. Evidently the wages that were being paid were below the minimum in Quebec, when these mills were visited, and what I am getting at is, did your association do anything whatever to try to see that the wages were increased.

MR. KELLOCK: You are assuming something in this letter?

MR. McRUER: I do not think I am assuming anything.

MR. KELLOCK: It is four years later.

MR. McRUER: It is during the currency of the protection that the mills were enjoying, and I just want to see if they did anything whatever to see that labour got the benefit of it. What he says is:

"I believe however, that the situation is a little better than it was some few months ago when Inspectors visited certain Mills in Quebec, which resulted in adjustments being made."

Q. Now, what I want to know is, did your association, as a body, or did any of your associations do anything to raise the standard of wages after getting the protection? A. I think the answer is "No".

Q. All right. Then it goes on:

"I may be of course that an inquiry will be made into the Cotton Trade in regard to wages, and eventually they may inquire

THE CHAIRMAN: I guess you remember that they are investigating wages.

Q. Mr. Mallen, I gathered you made that very being paid were below the minimum in Quebec, when these mills were visited, and what I am getting at is, did your association do anything whatever to try to see that the wages were increased.

MR. KELLOCK: You are assuming something in this letter?

MR. MONDER: I do not think I am assuming anything.

MR. KELLOCK: It is four years later.

MR. MONDER: It is during the currency of the protection that the mills were enjoying, and I just want to see if they did anything whatever to see that labour got the benefit of it. What we says is:

"I believe however, that the situation is a little better than it was some few months ago when inspectors visited certain mills in Quebec, which resulted in an increase being made."

Q. Now, I will let you know it, the [illegible] as a body, do did any of your associations do anything to raise the standard of wages after getting the protection? A. I think the answer is "no".

Q. All right. Then it goes on:

"I may be of course that an inquiry will be made into the Cotton Trade in regard

into the silk mills, but I cannot see that anything can be done about it in the meantime."

Q. Now, I show you what is an inter-office memorandum, probably, between Mr. Berry and yourself dated Octbber 30, 1935.

THE COMMISSIONER: What is that?

MR. McRUER: It is an inter-office memorandum, my lord. It is from Mr. Berry to Mr. Hallam.

THE COMMISSIONER: What is the date of it?

THE WITNESS: That is correct.

MR. McRUER: October 30, 1935.

THE COMMISSIONER: It will be exhibit 627.

EXHIBIT NO. 627: Inter-office memorandum from Mr. Berry to Mr. Hallam dated Oct. 5, 1935.

THE COMMISSIONER: From Mr. Berry to Mr. Hallam?

MR. McRUER: Yes, my lord, It reads:

"Below are price series derived from Tattersall's Cotton Trade Review on four different grey cloths as quoted in Manchester, in cents per pound. We have the data for every week from the beginning of 1929 on these four cloths, in shillings per piece; and these figures are the result of calculating the yards per pound of the given constructions, and converting the English price at par."

Then it sets out the prices; those are English prices?

A. Those are the average prices for a year.

Q. The average English prices?

A. Average English prices, correct.

Q. From January, 1929 to September, 1935?

A. I am awfully sorry, those won't be average prices;

Q. Now, I show you what is an inter-office memorandum, [illegible], [illegible] Q. [illegible] and [illegible] October 30, 1928.

THE QUESTIONER: What is that?

A. MEMORANDUM: It is an inter-office memorandum, my lord. It is from Mr. Berry to Mr. Allen.

THE COMMISSIONER: What is the date of it?

THE WITNESS: That is correct.

A. MEMORANDUM: October 30, 1928.

[illegible] If will be marked [illegible]

[illegible] Exhibit No. [illegible]:

Inter-Office Memorandum
From Mr. Berry to Mr. Allen dated Oct. 3, 1928.

THE COMMISSIONER: From Mr. Berry to Mr. Allen.

A. MEMORANDUM: Yes, my lord. It reads:

"Below are price series derived from Heinemann's [illegible] Price Index in Manchester, in cents per pound.

We have the data for every week from the beginning of 1929 on these four cloths, in auditing per piece; and these figures are the result of evaluating the yards per pound of the given constructions, and converting the English price to per."

Then it sets out the prices; those are English prices.

A. Those are the average prices for a year.

Q. The average English prices?

A. Average English prices, yes.

Q. From January, 1929 to September, 1929?

A. I am actually sorry, those won't be average prices;

those would be what they have given in to Tattersall's.

Q. May we take it that they are sort of market prices? A. Yes.

Q. Sort of market prices for these different qualities that are set out? A. That is correct.

Q. During these years; well now ~~Q.~~ A. I said averages, they are not averages.

Q. Without going into the detail of them, 32" Printers, what does that mean?
A. To be printed, I think.

Q. 32" to be printed? A. I have only been about a year and a half with the cotton people and I think printers in England means printing.

Q. Grey cloth? A. They are all grey cloth.

Q. Yes, quite right; in 1929 the price in England was $39.78 for 1&6 yards?
A. I think that is cents per pound.

Q. Is that cents per pound? A. I am not sure.

Q. I wonder if Mr. Berry can tell us. What is the unit, Mr. Berry, is it cents per pound?

MR. BERRY: Those are dollars per piece, I think.

THE WITNESS: I am sorry, I was not familiar with it.

BY MR. McRUER: Q. I am only concerned with the comparative figures, anyway. In January, 1929, it was $39.78 for the piece. The same piece in September, 1935, the price was $26.06?

those would be what they have given in to Tattersall's.

Q. May we take it that they are sort of market prices?

A. Yes.

Q. Sort of market prices for these different qualities that are not out?

A. That is correct.

Q. Turning these years; well now --

A. I said average, they are not averages.

Q. Without going into the detail of them, 32" Printers, what does that mean?

A. To be printed, I think.

Q. 32" to be printed?

A. I have only been about a year and a half with the cotton people and I think printers in England means printing.

Q. Grey cloth?

A. They are all grey cloth.

Q. Yes, quite right; in 1929 the price in England was 20v.7d for 1lb yarn?

A. I think that is cents per pound.

Q. Is that cents per pound?

A. I am not sure.

Q. I wonder if Mr. Berry can tell us. What is the unit, Mr. Berry, is it cents per pound?

MR. BERRY: Those are dollars per piece, I think.

THE WITNESS: I am sorry, I was not familiar with it.

BY MR. McTUK: Q. I am only concerned with the comparative figures, anyway. In January, 1929, it was 20v.7d for the yarn. In the year ending in September, 1929, the price was 26.00?

A. That is correct.

Q. And the 36" Shirting, in January, 1929, was $45.60 and in September, 1935, $38.20?

A. Correct.

Q. There had been a decline till 1933 where the low was $30.00, and then a rise in 1935 to $38.20, and the 38" Shirting was $37.73 in 1929 and in September, 1935 $24.75? A. 74 cents.

Q. $24.74; 39" Shirting in January, 1929, was $41.31 and in September, 1935, was $26.80?

A. That is correct.

Q. So that apparently in England there had been a very heavy decline in the price of these goods between January, 1929 and 1930 down to September, 1935? A. Increased, began to increase again.

Q. Some of them began to increase and some did not? A. That is correct.

Q. Well, the industry could not get much virtue out of the pledge, the observance of a pledge to the Government not to increase the price in Canada when there had been such a drastic drop of prices outside of Canada? A. No, sir.

Q. Then, Mr. Berry's memorandum at the bottom:

"These figures do not appear to give you the answer you are looking for."

Can you tell me what answer you were looking for?

A. I can tell you what I was searching for at that time.

Q. All right, that is what I want to know?

A. That is correct.

Q. And the 36" Shirting, in January, 1929, was $45.50 and in September, 1929, $28.20?

A. Correct.

Q. There had been a decline till 1929 where the low was $20.00, and then a rise in 1929 to $28.50, and the 36" Shirting was $27.75 in 1929 and in September, 1929 $24.75? A. 74 cents.

Q. $24.75; 36" Shirting in January, 1929, was $41.31 and in September, 1929, was $26.80?

A. That is correct.

Q. So that apparently in England there had been a very heavy decline in the price of these goods between January, 1929 and 1930 down to September, 1929? A. Increased, began to increase again.

Q. Some of them began to increase and some did not? A. That is correct.

Q. Well, the industry could not get much virtue out of the change, the observance of a plea to the Government not to increase the price in Canada when there had been such a drastic drop of prices outside of Canada? A. No, sir.

Q. Then, Mr. Perry's memorandum at the bottom "Those figures do not appear to give you the number you are looking for."

Can you tell me what number you were looking for at that time?

A. I can tell you what I was searching for at that time.

Q. All right, that is what I want to know

A. I had made a table of the import figures into Canada of cotton fabrics from the Dominion Bureau of Statistics Reports.

Q. Yes. A. On those average figures a calculation of the duties showed that the cents per pound were--

Q. The cents per pound were what?

A. The cents per pound of duty were lower in 1935 than they had been previous to that time.

Q. That is, you were trying to support the contention Mr. Gordon was putting forward at Montreal some time ago and that is that the protection to the manufacturer in Canada was not as much in 1935 as it had been in 1929? A. I think that contention is correct.

Q. That is what you were trying to support, at any rate? A. That is what I was trying to find the facts of.

Q. And Mr. Berry says:

"These figures do not appear to give you the answer you are looking for. The duty on a pound of print cloth was, for instance, in 1929 4.97¢ and in 1935 5.90¢. On 39" Shirting it was in 1929 5.16¢ and in 1935 6.02¢."

A. Yes, those figures did not jive with the Canadian Government figures and they also only dealt with greys. They did not deal with the bleached and the coloured.

Q. What I am getting at is you had written to Mr. Berry selecting apparently certain things, wanting

A. I had made a table of the import figures into Canada of cotton fabrics from the Dominion Bureau of Statistics Reports.

Q. Yes. A. On those average figures a calculation of the duties showed that the cents per pound were--

Q. The cents per pound were what?

A. The cents per pound of duty were lower in 1935 than they had been previous to that time.

Q. That is, you were trying to support the contention Mr. Gordon was putting forward at Montreal some time ago and that is that the protection to the manufacturer in Canada was not as much in 1935 as it had been in 1929? A. I think that contention is correct.

Q. That is what you were trying to support, at any rate? A. That is what I was trying to find the facts of.

Q. And Mr. Berry says:

"These figures do not appear to give you the answer you are looking for. The duty on a pound of print cloth was, for instance, in 1930 4.97¢ and in 1935 5.90¢. On 36" Sheeting it was in 1929 5.16¢ and in 1935 5.09¢."

A. Yes, those figures did not jive with the Canadian figures and they also showed a big drop.

Q. What I am getting at is you had written to Mr. Berry and he gave you the figures and they did not jive with the figures you had given us.

A. They did not deal with the finished and the coloured.

Q. What I am getting at is you had written to

information on them, and Mr. Berry comes back and says on this, at any rate, that contention is not borne out, for there are the figures?

A. Exactly, that is correct.

Q. I show you a letter from Mr. Watson to yourself, P.R. Watson--

THE COMMISSIONER: Who is Mr. Watson?

MR. McRUER: He is of Grout's; he is the chairman of the Broad Silk Section - no, the chairman of the tariff committee? A. Yes.

Q. Mr. Watson to Mr. Hallam, dated April 13th, 1932--

THE COMMISSIONER: What did you say?

MR. McRUER: April 13th, 1932, my lord.

THE COMMISSIONER: Watson to Hallam, Exhibit 628.

EXHIBIT 628: Letter dated April 13th, 1932 from Mr. Watson to Mr. Hallam.

BY MR. McRUER: Q. There is a paragraph in this I want to discuss with you for a moment.

"In reply to your circular letter of the 31st ultimo any of our lines could be exported to any Empire countries with a proper preferential tariff inasmuch as in no Empire country is the Broad Silk Weaving Industry as far advanced as in Canada."

A. I think that is correct.

Q. "As a matter of fact the Broad Silk Weaving Industry in Canada has more looms for a ten million population than the English market for fifty million and other Empire countries have

information on them, and Mr. Berry comes back and says on this, at any rate, that contention is not borne out, for there are the figures.

A: Exactly, that is correct.

Q. I show you a letter from Mr. Watson to yourself, T.X. Watson--

THE COMMISSIONER: Who is Mr. Watson?

MR. MORGAN: He is of counsel; he is the chairman of the broad silk section - no, the chairman of the SILK-CONSULTANT. Yes.

Q. Mr. Watson to Mr. McLean, dated April 15th, 1938--

THE COMMISSIONER: What did you say?

MR. MORGAN: April 15th, 1938, and then.

THE COMMISSIONER: Watson to McLean, April 15th.

MR. MORGAN: Letter dated April 15th, 1938 from Mr. Watson to Mr. McLean.

BY MR. MORGAN: Q. There is a paragraph in this I want to discuss with you for a moment.

"In reply to your circular letter of the 6th ultimo any of our firms would be exceedingly happy to discuss with a proper representative! Certif inasmuch as in no empire country is the broad silk weaving industry so well advanced as in Canada."

A. I think that is correct.

Q. "As a matter of fact the broad silk weaving industry in Canada has grown from a ten million population than the Dominion market for fifty million and other empire countries have

"practically no Broad Silk Industry of any kind so it seems to me, first, a question as to the amount of preference necessary to compete with foreign countries on importations to the Empire countries. Second, there are no lines we are producing which could be made duty free or the duty lowered when imported from Great Britain inasmuch as the duty is already much too low and should ther be a domestic industry in Great Britain they could capture the Canadian market without any difficulty and it is only because of a lack of domestic industry in Great Britain that there are no English exports. Third, spun silk yarn cellulose acetate artificial yarn, neatsfoot oil, olive oil, mill supplies of all kinds such as bobbins, shuttles, etc., mercerised cotton yarn, steel harness and heddles, cotton harness, worsted yarns, paper cones forsilk, false reeds, loom reeds all kinds, textile mill supplies of a class or kind not made in Canada, porcelain and glassware for textile industry and rawhide pickers." He does not finish what he is going to say about them?

A. That is evidently in reply to my letter.

Q. He thinks the duty ought to be lowered on these? A. No, that is something they could import from Great Britain.

Q. Yes? A. I asked for what they did import and could import. This should be divided

"Protectively no doubt industry at any time as it seems to me, first, a question as to the amount of preference necessary to compete with foreign countries on importations to the country. Second, there are no items to are producing which could be made duty free or the duty lowered when imported from Great Britain because the duty is already much too low and should that be a domestic industry in Great Britain they could capture the Canadian market without any difficulty and it is only because of a lack of domestic industry in Great Britain that there are no English exports. Hint, spun silk yarn, sailcloth, acetate artificial yarn, neatsfoot oil, olive oil, mill supplies of all kinds such as bobbins, shuttles, etc., mercerized cotton yarn, steel hoopers and heddles, cotton thread, sewing yarn, yarns from fibrilla, tulle tracing, lace yarn, all kinds, textile mill supplies of a class or kind not made in Canada, porcelain and glassware for textile industry and rawhide pickers." He does not think what he is going to say about them?

A. That is evidently in reply to my letter.

Q. He thinks the duty ought to be lowered on these? A. No, that is something they could import from Great Britain.

Q. Yes? A. I asked for what they did import and Hansard. This should be divided

into two parts. I have forgotten how it was set out.

Q. Then, to deal with the first question--

A. That should be a new paragraph, three.

Q. "Inasmuch as in no Empire country is the Broad Silk Weaving Industry as far advanced as in Canada"; now, from your study of the situation do you agree that that is a fact? A. I think so. I don't know whether the Englishman will agree with me if I said it, but I think that we are well advanced.

Q. "As a matter of fact the Broad Silk Weaving Industry in Canada has more looms for ten million population than the English market for fifty million."

A. That is in proportion, that is to say, per head of population.

Q. That is not what he says?

A. That is what he means.

Q. Are you sure? A. Yes, we can get the figures. I set all those figures out in my economic brief. Those figures were all set out.

Q. Because he refers to the same thing again in another letter later on which I will file, that I will just refer to the paragraph now?

A. I got the actual figures, sir. I obtained the actual figures and set them out.

Q. He says here "At the moment the domestic silk industry in England has less looms for 30-35 million people"-- A. For 50 million people.

Q. I am reading another letter from Mr. Watson to

into two parts. I have forgotten how it was cut up.

Q. Then, to deal with the first question--

A. That should be a new paragraph, hence.

Q. "Inasmuch as in no Empire country is the Crown Silk Reeling Industry as far advanced as in Canada"; now, from your study of the situation do you agree that it is true?

I don't know whether the Twillingham will agree with me if I said it, but I think that we are well advanced.

Q. "As a matter of fact the Hand Silk Reeling Industry in Canada has more looms for ten million population than the English market for fifty million."

A. That is in proportion, that is to say, per head of population.

Q. That is not what he says?

A. That is what he means.

Q. Are you sure? A. Yes, we can get the figures. I get all those figures out in my economic brief. Those figures were all set out.

Q. Because he refers to the same thing again in another letter later on which I will file, that I will just refer to the paragraph now.

A. I get the actual figures, sir. I mean the actual figures are set them out.

Q. He says here "It is good that Canadian silk industry in England has less looms for 48-50 million people"-- A. For 50 million people.

Q. I am reading another letter from Mr. Twillon to

you, or it is to the Canadian Manufacturers' Association really.

"At the moment the domestic silk industry in England has less looms for 30-35 million people than the Canadian Silk Industry has for 10 ten which is due entirely to the fact that they have no protection against Switzerland"--

THE COMMISSIONER: Just a minute, what are you reading from now?

MR. McRUER: I am reading from a letter from Mr. Watson to the Canadian Manufacturers' Association.

THE COMMISSIONER: Well, that letter is not in yet.

MR. McRUER: No, it comes to Mr. Hallam.

THE WITNESS: I would like to amend my statement there. I would like to look at the figures before I made that statement.

THE COMMISSIONER: Let us identify it; what is it?

MR. McRUER: It is a copy of a letter from Mr. Watson to the Canadian Manufacturers' Association dated April 22nd, 1932, marked "Copy for Mr. Hallam".

THE COMMISSIONER: 1932; the letter to Mr. Hallam was in 1935, wasn't it.

MR. McRUER: No, it is 1932 as well, my lord.

THE WITNESS: I would like to look these figures up.

THE COMMISSIONER: This second letter will be Exhibit 629.

EXHIBIT 629: Letter dated April 22, 1932 from Mr. Watson to Can. Mfrs. Assoc.

you, or it is to the Canadian Manufacturers' Association.

"At the moment the domestic milk industry in England has lost 20-30 million people when the Canadian Milk Industry has for 22 ten which is due entirely to the fact that they have [illegible]--

THE COMMISSIONER: Just a minute, what are you reading from now?

MR. MORDEN: I am reading from a letter from Mr. Watson to the Canadian Manufacturers' Association.

THE COMMISSIONER: Well, that letter is not in yet.

MR. MORDEN: No, it comes to Mr. McLean.

THE WITNESS: I would like to amend my statement there. I would like to [illegible] the figures for I made that statement.

THE COMMISSIONER: Let us identify it; what is it?

MR. MORDEN: It is a copy of a letter from Mr. Watson to the Canadian Manufacturers' Association dated April 22nd, 1932, marked "Copy for Mr. McLean".

THE COMMISSIONER: 1932; the letter to Mr. McLean was in 1929, wasn't it.

MR. MORDEN: No, it is 1932 as well, my lord.

THE WITNESS: I would like to look this figures up.

THE COMMISSIONER: This second letter will be [illegible].

MARKED EXH: [illegible]

BY MR. McRUER: Q. Now, you have not got the figures handy that we could just tell what the position is in Canada with respect to that? While they are looking for that - now, apparently Mr. Watson contends in this letter that with a reasonable tariff he could export broad silk to any Empire country? A. With a preference.

Q. Pardon? A. With a proper preferential tariff.

Q. Well, why is it necessary to have a tariff against Great Britain when Mr. Watson is able to export silk to Great Britain with a moderate tariff? A. I don't know as a matter of fact that he does export. There is a small export; as you will remember I read the figures of a few thousand dollars.

Q. Here is what he says:

"As a matter of fact the Broad Silk Weaving Industry in Canada has more looms for a ten million population than the English market for fifty million and other Empire countries have practically no broad silk industry of any kind so it seems to me, first, a question as to the amount of preference necessary to compete with foreign countries on importations to the Empire countries." That is quite correct statement about Empire countries provided we get a preferential tariff, a proper preferential tariff.

Q. I will probably have to ask Mr. Watson about

Q. Mr. Pollock: Q. Now, you have not the figures handy that we could just tell what the position is in comparison with Denmark to date? While they are looking for that - now, apparently Mr. Watson contends in this letter that with a preferential tariff he could export bread milk to any country [illegible] preferential tariff.

Q. Well, why is it necessary to have a tariff against trade unless Mr. Watson is able to export milk to Great Britain with a moderate tariff? I don't know as a matter of fact that he does [illegible]. [illegible] remember I read the figures of a few thousand dollars. Here is what he says:

"As a matter of fact the Grand Milk Marketing Inquiry in Ontario has more income for a [illegible] million population than the English market for [illegible] practically no fluid milk industry of any kind. So it seems to me, first, a question as to the amount of preference necessary to compete with foreign countries on importations to the Empire countries." [illegible] that to suit current requirements of Empire countries provided we get a preferential tariff, a proper [illegible] tariff.

Q. I will probably have to ask Mr. Watson about

this. Now, another letter dated April 13th, 1932--
A. By the way, sir, I was just thinking over in England there is a duty on raw silk entering Great Britain which increases their costs there.

Q. Yes, and is there not an excise duty too?
A. Not on raw silk; it is all imported. Raw silk is all imported.

Q. There is a duty on raw silk in England?
A. There is a duty on raw silk in England.

Q. There is no duty on raw silk in Canada?
A. No sir, - an excise duty of 3 percent.

Q. An excise duty of 3 percent; so that stimulates my curiosity to know why it is necessary to have a duty as against Great Britain on the broad silk if you can manufacture here and export to Great Britain.
A. We don't export a great deal to Great Britain. Mr. Watson's statement is if there was a proper preferential tariff he could export. We don't think there is a proper preferential tariff.

Q. If the tariff was taken off altogether as against Canadian goods you would have a handicap in the race by reason first that your industry is better developed and second by reason of the fact that the British manufacturer has to pay customs duty on raw silk? A. That would be quite correct.

Q. I want to see if you, as one of the leading tariff experts of the Association, can tell us any reason why there should be a duty at all on raw silk

Mr. Chairman, Gentlemen and Mr. Chairman--

A. By the way, sir, I was just thinking over in England there is a duty on raw silk entering Great Britain which increases their sugar duty.

Q. Yes, and is there not an excise duty too?

A. Not on raw silk; it is all imported. Raw silk is all imported.

Q. There is a duty on raw silk in England?

A. There is a duty on raw silk in England.

Q. There is no duty on raw silk in Germany?

A. No sir, - an excise duty of 3 percent.

Q. An excise duty of 3 percent; so that stimulates my curiosity to know why it is necessary to have a duty as against Great Britain on the broad silk if you can manufacture here and export to Great Britain.

A. We don't export a great deal to Great Britain.

Mr. Watson's statement is if there was a proper preferential tariff he could export. We don't think there is a proper preferential tariff.

Q. If the tariff was taken off altogether as against Canadian goods you would have a monopoly in the race by reason first that your industry is better developed and second by reason of the fact that the British manufacturer has to pay customs duty on raw silk? A. That would be quite correct.

Q. I want to see if you, as one of the leading tariff experts of the Association, can tell us why raw silk ought to be duty free in Canada and why there should be a duty on raw silk in Great Britain.

as against Great Britain? A. Not on raw silk.

Q. I mean on broad silk? A. When the mills in England export they obtain a drawback from England of the duty.

BY THE COMMISSIONER: Q. Of the whole of the duty? A. I think it is 99 percent, sir, I am not sure.

BY MR. McRUER: Q. The duty on the raw silk ? A. The duty on raw silk.

Q. Does that apply when they export to Canada? A. That applies when they export to Canada.

Q. Then that leaves 10 percent of the duty--

MR. KELLOCK: 99, he said.

THE WITNESS: I think it is 99, sir.

BY THE COMMISSIONER: Q. It leaves the Canadian manufacturer at a disadvantage in that he must pay 3 percent excise tax? A. As far as his raw material, you are quite correct, sir.

MR. McRUER: Well then, I will pass on; I show you--

THE COMMISSIONER: You were producing a letter.

MR. McRUER: A letter from Mr. Watson to Mr. Hallam, my lord, dated April 13th, 1932.

THE COMMISSIONER: That is the same date as this other letter?

MR. McRUER: It is, yes.

THE COMMISSIONER: That will be Exhibit 630.

EXHIBIT 630: Letter dated April 13th, 1932 from Mr. Watson to Mr. Hallam.

MR. McRUER: "In the April 8th issue of the

ns against Great Britain? A. Not on raw silk.

Q. I mean on dyed silk? A. When the silk is in Belgium export they obtain a drawback from Belgium of the duty.

BY THE COMMISSIONER: Q. Of the whole of the duty? A. I think it is 99 percent, sir, I am not sure.

BY MR. MORRIS: Q. The duty on the raw silk? A. The duty on raw silk.

Q. Does that apply when they export to Canada? A. That applies when they export to Canada.

Q. Then that leaves 10 percent of the duty--

MR. [illegible]: [illegible]

THE WITNESS: I think it is 9%, sir.

BY THE COMMISSIONER: Q. It leaves the Canadian manufacturer at a disadvantage in that he must pay 3 percent excise tax? A. As far as his raw material, you are quite correct, sir.

MR. MORRIS: Well then, I will pass on; I know [illegible]

THE COMMISSIONER: The [illegible] is [illegible].

MR. [illegible]: Letter from Mr. [illegible] to Mr. [illegible], my [illegible], [illegible] 1920, [illegible].

THE COMMISSIONER: That is the same date as this other letter?

MR. [illegible]: It is, yes.

THE COMMISSIONER: That will be [illegible].

EXHIBIT 650: Letter dated April 19th, 1920 from Mr. [illegible] to Mr. [illegible].

MR. [illegible]: [illegible]

"Canadian Textile Journal on page 15 there is an announcement of the Manhattan Mills Limited. This is being backed by Benjamin F. Sherzer of Manhattan Silks and Woollens Limited, Montreal, Quebec. I am wondering whether we could in good taste draw his attention to the fact that a lot of things might happen at the coming Imperial Conference to make the weaving of rayon in Canada quite a questioneble proposition."

THE COMMISSIONER: Quite a what?

THE WITNESS: Quite a questionable proposition.

MR. McKUEN: "And suggest to him that they should make some enquiries at Ottawa before they start up their plant or postpone same until this question is settled by the Imperial Conference and become members of the Association in the meantime so that we can use this establishment as an argument to further getting adequate protection or at least, retaining what we have on the present schedule. This is the gist of what I think we should say and I am not at all particular in what words you put it. I am in receipt of word from the Canadian Manufacturers' Association advising me of a meeting of conveners on Monday at ten o'clock and if this will not take too long possibly we could do something Monday afternoon instead of Sunday as I wrote you yesterday."

Now -- A. Could I see a copy of that

[illegible]nadian Textile Journal on page 19 there is an announcement of the Dominion Mills Limited. This is being backed by [illegible], director of [illegible] Sons and Dominion Textile, [illegible] judge. I am wondering whether we could in good terms draw his attention to the fact that a lot of things might happen if the Imperial Conference to make the meeting at Ottawa quite a questionable proposition.

THE CHAIRMAN: Quite a thought.

THE WITNESS: Quite a questionable proposition.

Mr. [illegible]: Just suggest to him that they should make some enquiries at Ottawa before they start up their plant or whatever are until the question is settled by the Imperial Conference and become members of the Association in the meantime so that we can use their establishment [illegible] attention or at least, introduce that so have on the research schedule. This is the point I want I think we should say that I am not at all prejudiced in what works you put in. I am in thought of work from the Dominion Textile [illegible] activity on of a meeting of conferences on Friday at two o'clock and if this will not take too long I would be glad to [illegible] something [illegible] attention in [illegible] I wrote you yesterday.

Mr. [illegible]: I see a [illegible]

letter? You understand the tremendous number of letters--

THE COMMISSIONER: It would be going too far to do it on Sunday.

MR. KELLOCK: Mr. Watson is a man of ideas.

THE WITNESS: Yes, I think the point is that as far as I was concerned nothing was done. It was a suggestion.

BY MR. MCRUER: Q. I want to find out a little more about it? A. All right.

Q. This announcement of the Manhattan Mills Limited was evidently an announcement of a proposal to open another mill? A. I think that is correct, or flotation of a mill, I am not sure which.

Q. Or flotation of a mill? A. Yes, I think it was a flotation of a mill.

Q. What Mr. Watson is saying is: "This is being backed by Benjamin F. Sherzer of Manhatta Silks and Woollens Limited, Montreal, Quebec." Now, was there a Manhattan Mills Limited? A. I cannot tell you. I don't think there is today .

Q. Well, did the mill go ahead?

A. Man hattan Silks - the name doesn't mean anything to me. I don't think I have heard it outside of that.

Q. It evidently never got past this letter. Well, I am very curious about this?

A. I am a little curious myself.

Q. Would you make a note, Mr. Walton, and see if

letter? Did understand the treasurer's answer of [illegible]

THE COURTS LORDS: It would be going too far to go it on Sunday.

MR. MACLOCK: Mr. Watson is a man of ideas.

THE WITNESS: Yes, I think the point is that as far as I was concerned nothing was done. It was a suggestion.

BY MR. MCGUIRE: Q. I want to find out a little more about it? A. All right.

Q. This announcement of the Manitoba Milling Limited was evidently an announcement of a proposal to open another mill? A. I think that is correct, or flotation of a mill, I am not sure which.

Q. Or flotation of a mill? A. Yes, I think it was a flotation of a mill.

Q. What Mr. Watson is saying is: "This is being backed by Benjamin E. Stewart of Manitoba Milling and Woollens Limited, Montreal, Quebec." Now, was there a Manitoba Milling Limited? A. I cannot tell you. I don't think there is today.

Q. Well, did the mill go abroad?

A. Man Dutton Milne - the name doesn't mean anything to me. I don't think I have heard it mentioned at [illegible]

Q. It evidently never got past this letter. Well, I am very curious about that.

A. I am a little curious myself.

Q. Would you make a note, Mr. Walton, and see if

we can get from Mr. Bates the issue of the Canadian Textile Journal of the 8th of April, 1932. We will see what the announcement was.

"I am wondering whether we could in good taste draw his attention to the fact that a lot of things might happen at the coming Imperial Conference to make the weaving of rayon in Canada quite a questionable proposition and suggest to him that they could make some enquiries at Ottawa before they start up their plant or postpone same until this question is settled by the Imperial Conference".

Now, it seems to be quite evident there what Mr. Watson was proposing to you was that you should get busy and restrain this man from getting into the silk business? A. What he is suggesting, apparently, is that I should warn him that the Imperial Conference was coming off, that the tariff rates were being discussed, and that he should make some enquiries at Ottawa before he starts his plant.

Q. Why should your Association be busy doing that? A. Well, he made the suggestion to me. I cannot be responsible for this suggestion, of course.

Q. Well, he was the chairman--

THE COMMISSIONER: Chairman of what?

MR. McRUER: The Tariff Committee.

BY THE COMMISSIONER: Q. Of the Silk Association? A. Silk Association.

we can get from it. Dates the issue of the Commerce Journal of the 8th of June, 1892. We will see what the announcement was.

"I am a member, whether we could in good time draw his attention to the fact that a lot of things might happen at the coming Imperial Conference to make the question of rates in Canada and Australia commercially unattractive, and suggest to him that they could make some enquiries at Ottawa before they start up their plant or perhaps some week this question is raised by the Imperial Conference".

Now, it seems to be quite evident there what Mr. Barnes was proposing to you was that you should put back or restrain this man from getting into the silk manufacture. What he is suggesting, apparently, is that I should write him that the Imperial Conference was coming off, that the tariff rates were being discussed, and that he should make some enquiries at Ottawa before he starts his plant.

Q. Why should your association be upset about that? A. Well, he made the suggestion to me. I cannot be responsible for this suggestion, of course.

Q. Well, he was the chairman--

Mr. [illegible]: The Tariff Committee.

BY MR. [illegible]: Q. Of the Silk Manufacturers Association.

BY MR. McRUER: Q. And this isn't the first time, you see, that we have come across the activities of your Association in keeping plants from starting up; I thought that is what this Association was for, to encourage industry in Canada?

A. And it has; there have been plants started up.

Q. I would like to know of your activities in this connection, in keeping plants from starting up?

A. I think as far as thisis concerned, as far as this letter is concerned, it is the beginning and end of anything done. It was sent to me and nothing was done.

Q. Well, you think that?

A. Well, I don't remember the name, either Sherzer or Manhattan Silks and Woollens. I have no memory of it.

Q. Mr. Walton has just handed me a copy of a letter from you to Mr. Sherzer of the 16th of April, 1932, which follows the matter up. It would not come to quite such a sudden death as you suggest.

the COMMISSIONER: A copy of a letter from whom?

MR. McRUER: From Mr. Hallam to Mr. Sherzer.

THE WITNESS: My memory of this is it came back.

THE COMMISSIONER: How do you spell the name?

MR. McRUER: S-h-e-r-z-e-r.

THE COMMISSIONER: That will be Exhibit 631.

EXHIBIT 631: Letter dated April 16th, 1932 from Mr. Hallmm to Mr. Sherzer.

THE COMMISSIONER: What does that letter say?

BY MR. MONKMAN: Q. And this isn't the first time, you see, that we have come across the activities of your Association in keeping plants from starting up; I thought that is what this Association was for, to encourage industry in Canada?

A. And it has; there have been plants started up.

Q. I would like to know of your activities in this connection, in keeping plants from starting up?

A. I think as far as things concerned, as far as the letter is concerned, it is the beginning and end of anything done. It was sent to me and nothing was done.

Q. Well, you think that?

A. Well, I don't remember the name, either Grayson or Manhattan Silks and Rollers. I have no memory of it.

Q. Mr. Baton has just handed me a copy of a letter from you to Mr. Shorter of the 16th of April, 1928, which follows the letter it. It would not come to quite such a sudden death as you suggest.

THE COMMISSIONER: A copy of a letter from whom?

MR. MONKMAN: From Mr. Hillam to Mr. Shorter.

THE WITNESS: My memory of this is it came back.

THE COMMISSIONER: How do you spell the name?

MR. MONKMAN: S-h-o-r-t-e-r.

THE COMMISSIONER: That will be exhibit 631.

EXHIBIT 631: Letter dated April 16th, 1928, from Mr. Hillam to Mr. Shorter.

THE COMMISSIONER: What does that letter say?

MR. McRUER: It is addressed to Benjamin Sherzer, Manhattan Silks and Woollens Limited. It reads:

"We note you are interested in the Manhattan Mills Limited and would be pleased to have any particulars of the project you can supply us, and would also like to know if you would consider becoming a member of this Association when the time is ripe. This office is working, among others, on information regarding tariff item 561 in connection with the Economic Conference."

It is just a gentle hint.

"This is one of the items which we expect there will be made a considerable effort to have reduced in favour of English goods as British exports to Canada of artificial silk fabrics dropped from $4,366,799 in 1930 (calendar) to $1,797,874 (calendar) year 1931. While we know that this drop was mainly due to the great contraction in the market in Canada for artificial silks, coupled with the reductions in price, and that the tariff rates are not sufficient against goods from England where distressed artificial yarn is procurable at extraordinary prices, coupled with cheap labour there, our information is that the Englishman is going to do his best to get the duty rates lowered. Also the artificial silk duties have been under considerable fire from various sections in the community. Attached is a copy of one of the more rabid attacks. Naturally everybody is

MR. MORGAN: It is addressed to Dominion Textile Mills and Woollens Limited. It reads:

"We note you are interested in the Dominion Mills Limited and would be pleased to have any particulars of the project you can supply us. We would also like to know if you would consider becoming a member of this Association when the time is ripe. This office is working, among others, on information regarding tariff item 561 in connection with the economic conference."

It is just a gentle hint.

"This is one of the items which we expect there will be made a considerable effort to have reduced in favour of British goods as British export is to Canada of artificial silk textile dropped from $4,366,712 in 1930 (calendar) to $1,797,074 (calendar) year 1931. While we know that this drop was mainly due to the great contraction in the market in Canada for artificial silks, coupled with the reductions in price, we feel that the tariff rates are not sufficient among other things to prevent dumping or extremely cheap goods supplied with cheap labour there, but I forget it is that the Australian is going to do his best to get the duty rates lowered. Also the artificial silk textile have been under considerable fire from various sections in the community. Attached is a copy of one of the more rabid attacks. Naturally everybody is

"rather nervous about the outcome of the whole situation and if you have any information or views on the matter I would be greatly obliged if you would write to me."

So that he just went ahead to kind of--

A. I wrote the letter and I think that letter was returned to me from Manhattan ? It is just addressed to Montreal, isn't it? I had no address there.

Q. It is Manhattan Silks and Woollens Limited, Montreal, Quebec; what I am getting at is that you followed up Mr. Watson's suggestion of trying to discourage these people from going into the silk business in Canada? A. I certainly wrote that letter.

Q. And that was the object of it?

THE COMMISSIONER: Show me 630; just wait a moment. I see his proposition was twofold. He says "Suggest to him that they should make some enquiries at Ottawa before they start up their plant or postpone same until this question is settled by the Imperial Conference and become members of the Association in the meantime so that we can use this establishment as an argument to further getting adequate protection." Does that mean as an argument to use as if it was established in Canada; is that what it means? A. I would not think that is what he meant.

BY MR. McKUM: Q. You went on and invited them to become members; why did you invite them to become members if it was not because you wanted to

"rather nervous about the outcome of the whole situation and if you have any information or views on the matter I would be greatly obliged if you would write to me."

So that in just most about to find out--

A. I wrote the letter and I think that letter was returned to me from Montreal? It is just address to Montreal, isn't it? I had no address there.

Q. It is Montreal Milks and Woollens "Limited", Montreal, Quebec; what I am getting at is that you followed up Mr. Watson's suggestion of trying to discourage these people from going into the silk business in Canada? A. I certainly did.

MR. MACLEAN: Q. And that was the object of it?

THE CHAIRMAN: Show me that; just wait a moment. I see his proposition was twofold. He says "Suggest to him that they should make some overtures at Ottawa before they start up their plant or negotiations come until this question is settled by the Imperial Conference and become members of the association in the meantime so that we can see this established as an argument for further getting adequate protection." Does that seem to an argument to see us if it was established in Canada; is that what it means? A. I would not think that is what he means.

BY Mr. MACLEAN: Q. You went on and invited them to become members; why did you invite them to become members if it was not because you wanted to

use them to say "This is a mill capable of so much production" in your argument when you got to Ottawa? A. I don't think that would be the case. If the mill were here and starting it would be a perfectly legitimate argument to you.

Q. Here is the proposition; there is a mill evidently mooted ? A. Yes, I think it was a promotion.

Q. A Mr. Watson writes to you a double barrelled request, one, get them to be members in our Association, and the other give them some propaganda that would discourage them from going on with the mills but we can use their membership in the association for our own purposes in keeping up the tariff or getting it put up. You went on and did both. You invited them to get into the Association and you gave them the propaganda. What was your object in doing that? What was your object in inviting them to come into the Association?

BY THE COMMISSIONER: Q. You know Mr. Watson's object because he says it in his letter?

A. Yes.

BY MR. McRUER: Q. Can you tell me whether or not they did become members of the association? A. I have no recollection of the Manhattan Silks. They were not members of the Association.

Q. Have you got a list of your Association in 1932? A. Yes, but I haven't here.

Q. ~~With~~ Would the minute books show anything in 1932?

use them to say "This is a will capable of so much production" in your argument when you get to Ottawa?

A. I don't think that would be the case. If this mill were here and starting it would be a perfectly legitimate argument to you.

Q. Here is the proposition; there is a mill evidently wanted ? A. Yes, I think it was a promotion.

Q. A Mr. Watson writes to you a fairly persistent request, one, get them to be members in our association and the other give them some propaganda that would discourage them from going on with the milling out we can use their membership in the association for our own purposes in keeping up the tariff or getting it put up. You went on and did both. You invited them to get into the association and you gave them the propaganda. What was your object in doing that? What was your object in inviting them to come into the association?

BY THE COMMISSIONER: Q. You know Mr. Watson's object because he says it in his letter?

A. Yes.

BY Mr. McKAY: Q. Can you tell me whether or not they did become members of the association?

A. I have no recollection of the Manchester Mills. They were not members of the association.

Q. Have you got a list of your association in 1882? A. Yes, but I haven't here.

Q. Will the minute books show anything in 1882?

A. It would not show the membership.

MR. BERRY: We certainly don't know that name now.

BY MR. McRUER: Q. I know, but I want to know whether they came into the Association. Well, we don't see them on the list there that Mr. Berry has, anyway. Well, I show you another letter of Mr. Watson to you dated July 25th, 1932. Mr. Watson was a great man to write letters.

THE COMMISSIONER: Just a minute, a letter from?

MR. McRUER: Mr. Watson to Mr. Hallam, July 25th, 1932.

THE WITNESS: Could I have a copy of that, Mr. Berry?

THE COMMISSIONER: That will be Exhibit 632.

EXHIBIT 632: Letter dated July 25th, 1932 from Mr. Watson to Mr. Hallam.

BY MR. McRUER: Q. I just want to refer to the last paragraph. "In the art silk position, if we should be able to get preferential arrangements for the Empire and there was a possibility that we could export to New Zealand and Australia, we could not qualify unless we bought our art silk from England, especially acetate, because as you know, we cannot buy from the Canadian Celanese and it would be giving them a virtual monopoly on any export business, that is the Celanese Company of Canada, if this went through, so that it seems that we must more than ever work for getting the decision on yarn so that they are available either in Canada or England".

A. It would not show the membership.

MR. BERRY: We certainly don't know that some m

MR. MORRIS: Q. I know, but I want to know whether they come into the association. Well, we don't see them on the list there that Mr. Perry has, anyway. Well, I show you another letter of Mr. Watson to you dated July 20th, 1942. Mr. Watson was a great man to write letters.

THE COMMISSIONER: Just a minute, a letter from Mr. Watson to Mr. Williams, July 20th, 1942.

MR. MORRIS: Could I have a copy of that.

Mr. Perry?

THE COMMISSIONER: That will be Exhibit 682.

EXHIBIT 682: Letter dated July 20th, 1942 from Mr. Watson to Mr. Williams.

BY MR. MORRIS: Q. I just want to refer to the last paragraph. "In the art silk position, if we should be able to get preferential arrangements for the Empire and there was a possibility that we could export to New Zealand and Australia, we could not qualify unless we bought our art silk from England, especially acetate, because as you know, we cannot buy from the Canadian Celanese and it would be giving them a virtual monopoly on any export business, that is the Canadian Company of Canada, if they [illegible] so that it seems that we must more than ever work for getting the decision on yarn so that they are available either in Canada or England

Now, the difficulty would seem to be there that if they got Empire preference on artificial silk--

A. Artificial silk fabrics.

Q. Artificial silk fabrics, and did not get a reduction in tariff on the acetate yarn it would be handing over to the Celanese Company a monopoly of that export business? A. That is what he says. The only thing he has forgotten there, I think, technically is that they could import acetate, if they could buy it there, they could import acetate from England and when they export they would get a drawback of the duty paid, 99 percent of the duty paid. That is the only thing he has forgotten in that statement, apparently.

Q. I see; I show you another letter from Mr. Watson to you dated October 17th, 1935--

THE COMMISSIONER: October?

MR. McRUER: October 17th, 1935. It reads as follows--

THE COMMISSIONER: That will be Exhibit 633.

EXHIBIT 633: Letter dated October 17th, 1935 from Mr. Watson to Mr. Hallam.

MR. McRUER: It reads as follows:

"In reply to yours of the 15th instant it has just occurred to me that there are one or two more angles that it might be well for us to consider in regards to the coming hearing before the Tariff Board."

Now, that would be the hearing that took place in December, 1935? A. That is correct.

now, the difficulty would seem to be there that if they got Empire preference on artificial silk--

A. Artificial silk textile.

Q. Artificial silk textile, and did not get a reduction in tariff on the rosette yarn it would be handing over to the Delaware Company a monopoly of the export business? A. That is what he says.

The only thing he has forgotten there, I think, technically is that they could import rosette. If they could buy it there, they could import rosette from England and when they export they would get a drawback of the duty paid, 99 per cent of the duty paid. That is the only thing he has forgotten in that statement, apparently.

Q. I see; I show you another letter from Mr. Watson to you dated October 17th, 1929--

THE COMMISSIONER: October?

MR. [illegible]: October 17th, [illegible]. It begins by saying--

THE COMMISSIONER: That will be [illegible].

MR. [illegible]: [illegible]

MR. WATSON TO MR. MULLINS.

MR. MONDER: It reads as follows:

"In reply to yours of the 16th instant it has just occurred to me that there are one or two more angles that it might be well for us to consider in regards to the coming hearing before the Tariff Board."

Q. That would be the hearing that took place in November, 1929? A. That's correct.

Q. "If the Judge and the Tariff Board are not in too good standing and they are liable to be dismissed it would be fair, I suppose, to take the attitude that they Government even on the coming budget would not implement any reports that they may make and if eventually he is going to be removed it might be well for us to consider making the coming hearing more or less of a shadow one taking the attitude that there is no using telling your whole story when you will not get hurt one way or the other if you don't. In fact if you think about this matter the more you think about it the nicer it really sounds if we are all prepared to take the chance."

A. Mr. Watson is full of suggestions.

Q. I suppose that is the reason why you have him as chairman of the Tariff Committee?

A. No, we had him because he was a very hard worker and very willing to work overtime.

Q. He seems to be when he writes you all these letters. Mr. Watson was putting up the proposition here to you that in view of the political situation and possible changes that might develop - this was just 3 days after the election - that he thought it probably better to make the hearing a sort of shadow and not tell the whole story. Did you have any discussion with Mr. Watson about that? A. I probably had. I don't remember.

Q. Do you remember? A. I don't remember.

Q. You should surely remember whether there was any

Q. "If the Judge and the Parity Board are not in too good standing and they are likely to be eliminated it would be fair. I suppose, to take the attitude that they Government even on the coming budget would not implement any reports that they may make and if eventually he is going to be removed it might be well for us to consider meeting the coming hearing more or less of a shadow one taking the attitude that there is no using telling your whole story when you will not get hurt one way or the other if you don't. In fact if you think about this matter the more you think about it the no or it really matter if we are all prepared to take the chance."

A. Mr. Watson is full of suggestions.

Q. I suppose that is the reason why you have him as chairman of the Parity Committee?

A. No, we have him because he was a very hard worker and very willing to work overtime.

Q. He seems to be when he writes you all these letters. Mr. Watson was putting up the proposition here to you that in view of the political situation and possible changes that might develop - this was just I say take the chance - that he thought it probably better to make the hearing a sort of shadow and not tell the whole story. Did you have any discussion with Mr. Watson about that? A. I probably had. I don't remember.

Q. Do you remember? A. I don't remember.

Q. You should surely remember whether there was

definite discussion about making a hearing at the Tariff Board just a sort of shadow and not telling the whole story? A. It certainly was not done; it certainly was not done.

Q. What was the hearing that you had reference to, that Mr. Watson had reference to?

A. Reference 83.

Q. Reference 83? A. Yes.

Q. Of course, reference 83 involved - well, he has referred to item 561? A. That came into reference 83, sir.

Q. Item 561 is-- A. Artificial silk fabric item.

Q. Artificial silk fabric item?

A. I think that is what he refers to there, isn't it? No, he does not mention it.

Q. Mr. Hallam, in a letter contained in Exhibit 454, dated July 31st, 1935 from you to Mr. Marx in reference to the Japanese surtax-- A. Yes.

THE COMMISSIONER: Is that letter in?

MR. McRUER: It is in, my lord, it is in Exhibit 454. There are several letters contained in that exhibit.

THE COMMISSIONER: A letter from whom?

MR. McRUER: Mr. Hallam to Mr. Marx.

THE COMMISSIONER: About the Japanese surtax.

MR. McRUER: Yes, my lord. Then, this paragraph--

THE COMMISSIONER: What is the date of it?

MR. McRUER: July 31st, 1935, my lord.

material discussion about making a bearing at the Tariff Board just a sort of abscess and not telling the whole story? A. It certainly was not done; it certainly was not done.

Q. Then was the bearing that you had reference to that Mr. Watson had reference to?

A. Reference E3.

Q. Reference E3.

Q. Of course, reference E3 involved - well, he has referred to item B11? A. Most come into reference B4, etc.

Q. Item B11 is-- A. Artificial silk remnants item.

Q. Artificial silk remnants item.

Q. I think that is what he refers to there, isn't it? No, he does not mention it.

Q. Mr. Hallam, in a letter contained in exhibit 404, dated July 31st, 1925 from you to Mr. Mitz in reference to the 15 per cent surtax-- A. Yes.

THE COMMISSIONER: Is that letter in?

MR. McCOLL: It is in, my Lord. It is in exhibit 404. There are several letters contained in that exhibit.

THE COMMISSIONER: A letter from Mr. Hallam?

MR. McCOLL: Mr. Hallam, yes.

THE COMMISSIONER: About the 15 per cent surtax.

Q. Exhibit 404, my Lord. Then, Mr. Hallam, in reference to--

THE COMMISSIONER: What is the date of it?

Q. Exhibit 404, July 31st, 1925, my Lord.

"We have put the question of Japanese raw silk before the Government by telephone, telegram, and memorandum. As you are aware you can urge certain things by word of mouth which in a case of this kind it is not advisable to put in writing." Mr. Watson was being asked about this letter at page 6933. This paragraph of the letter was read: "We have put the Japanese raw silk"--

A. The question of Japanese raw silk.

Q. "We have put the question of Japanese raw silk before the Government by telephone, telegram and memorandum".

(Page 8435 follows)

"We have put the question of Japanese raw silk before the Government by telephone, telegram, and memorandum. As you are aware you can move certain things by word of mouth which in a case of this kind it is not available to put in writing." Mr. Gibson was being cross-examined about letter at page 0232. This paragraph of the letter was read: "We have put the Japan raw silk"--

4. The question of Japanese raw silk.

5. "We have put the question of Japanese raw silk before the Government by telephone, telegram and memorandum".

[Jane Beth Jeffers]

"The Commissioner: Have you all that?
"Mr. McRuer: No, I have not.
"The Commissioner: That will bring the whole "thing to a head and show definitely what the attitude "was.
" Mr. McRUER: Mr. Cooper suggests the telephone "may have been the main thing, but we will get all "that we can from the files of Mr. Hallam.

Mr. Berry: What is the date of the letter?

"MR. McRuer: 31st July, 1935.

"THE Commissioner: Who did the telephoning?

" Mr. McRuer: This is Mr. Hallam's letter to Mr. Marx, &c., &c."

I am just recalling the reference.

Q. Now, have you got the correspondence and the telegrams, &c.? A. I have a file here which I have headed,"Telephone, Telegraph and Memo."
On July 22nd, 1935, Canada announced that a surtax would be placed on Japanese goods coming into Canada of 33 and a third per cent.

THE COMMISSIONER: On Japanese goods?

THE WITNESS: On Japanese goods coming into Canada, and on July 23rd, I issued a telegram to all the mills on that subject. It was this: "Ottawa advises this office that 33 and a third per cent. surtax on Japanese raw silk whether imported direct or through the United States goes into effect on August 5th."
That was the starting of my information.

MR. McRUER: Q. Now, just before you get into a labyrinth of correspondence among the mills, I want for the purpose of keeping our record clear - because this is a matter that is on the record and I want to dispose of it - I want the correspondence that

"The Commissioner: Have you all that?"
"Mr. Menzer: No, I have not.
"The Commissioner: That will bring the whole "thing to a head and more definitely when the witness "was."

"Mr. Menzer: Mr. Lawer suggests that perhaps "many have been the main trips, but we will get all "what we can from the files of Mr. Allen.

Mr. Berry: What is the date of the letter?

"Mr. Menzer: 31st July, 1936.

"The Commissioner: Who did the telephoning?

" Mr. Menzer: This is Mr. Hallam's letter to Mr. Herx, &c., &c."

I am just recalling the reference.

Q. Now, have you got the correspondence and the telegrams, &c.? A. I have a file here which I have header, "Telegrams, Telephone and Cable."

On July 22nd, 1936, Canada announced that a quota would be placed on Japanese goods coming into Canada of 25 and a third per cent.

THE COMMISSIONER: On Japanese goods?

THE WITNESS: On Japanese goods coming into Canada and on July 23rd, I issued a telegram to all the mills on that subject. It was this: "Canada advises office that 25 and a third per cent. quota on Japanese raw silk whether imported direct or through the United States goes into effect on August 5th." That was the starting of my information.

Mr. Menzer: Q. Now, just before you get into a labyrinth of correspondence among the mills, I want for the purpose of keeping our record clear - because this is a matter that is on the record and I want to

is referred to in this letter and that is that we have put the question of Japanese raw silk before the Government by telephone, telegraph and memo? A. Correct.

Q. I want telegram and I want memo? A. We started I think in chronological order.

Q. I do not care about chronological order? A. I am sure you dont.

Q. I may be very non-chronological, but I want to get the material that is referred to in this letter because it was asked for on the record and then if there is anything you want to add to it we will be very glad to have it? A. I read a wire.

Q. I am asking for telegram to the Government? A. I am coming to them. Now, on July--

Q. Will you please not get away from the things I am asking you for.

MR. KELLOCK: He is just telling you the things you ask for.

MR. McRUER: I want telegram and memo, that is all? A. Could you give Mr. McRuer a set of those.

Q. What I want is telegram to the Government? A. I have got the replies but I was unable to find the ones I sent, they could be obtained from the Government, from the Department. I have memo. here, you will find---

Q. I have memo but I just want to get the telegram?

is referred to in this letter and that is just so we have put the question of Japanese raw silk before the government by telephone, telegram and memo? A. Correct.

Q. I want telegram and I want memo? A. He started I think in chronological order.

Q. I do not care about chronological order!

A. I am sure you don't.

Q. I may be very non-chronological, but I want to get the material that is referred to in this letter because it was taken for on the record and then if there is anything you want to add to it we will be very glad to have it? A. I send a wire.

Q. I am asking for telegram to the government?

A. I am coming to them. Now, on July--

Q. Will you please not get away from the things I am asking you for.

MR. MACDONALD: He is just telling you the things you ask for.

MR. MONTGOMERY: I want telegram and memo, that is all? A. Could I give Mr. Hollins a set of them.

Q. What I want is telegram to the Government?

A. I have got the replies but I was unable to find the date I want, [illegible] Government, from the Department. I have memo. here, you will find---

Q. I have memo but I just want to get the telegram

A. You will find on July 27, the two replies to two telegrams.

Q. When was your first telegram to the Government?

A. I should think they would be about July 26th or 27th.

Q. All right, your first memo. to Mr. Scully the Commissioner of Customs? A. That is not my first memo. No, I wrote to him on the 23rd.

Q. If you will just be patient with me, I was going to say first memo. to Mr. Scully was dated 23rd July, 1935? A. I beg your pardon - you said a memo., it is a letter.

THE COMMISSIONER: We are going to have a letter?

MR. McRUER: Yes, dated 23rd, July, 1935.

EXHIBIT 634: Letter dated 23rd July, 1935 to Mr. Scully from Mr. Hallam.

MR. McRUER:

"The surtax of 33-1/3% applied on Japanese raw silk has created a great demand for accurate information from about thirty-four silk mills. I would be greatly obliged if I could obtain answers to the following questions:

(1) Does the surtax apply to Japanese raw silk imported direct?

(2) Is the 33-1/3% calculated on the yen at 49.85¢ or at the current rate, say 29¢?

(3) Does the surtax apply to Japanese raw silk purchased from the United States?

A. You will find on July 27, the two replies to the telegrams.

Q. When was your first telegram to the Government, a month later they would be about July 20th or 27th.

A. All right, your first memo. to Mr. Scully the Commissioner of customs? A. That is not my first memo. No, I wrote to him on the 23rd.

Q. If you will just be patient with me, I am going to say first memo. to Mr. Scully was dated July, 1907? A. I beg your pardon - You said a memo., it is a letter.

The COURT:[illegible] in the phrase to give a memo. [illegible] Mr. Mabel Lord, Esq. [illegible].

EXHIBIT 204: Letter dated 23rd July, 1906 to Mr. Scully from Mr. Mulvey.

MR. MORGAN:

"The duties of 33-1/3% applied on Japanese raw silk has created a great demand for accurate information from about thirty-four silk mills. I would be greatly obliged if you could obtain answers to the following questions:

(1) Does the duties apply to Japanese raw silk imported direct?

(2) Is the 33-1/3% calculated on the gross weight or at the current rate, say [illegible]

(3) Does the duties apply to Japanese raw silk [illegible] from the [illegible]

"(4) Is the 33-1/3% calculated on the invoice price in United States dollars?

(5) Does the application of the surtax become effective on August fifth?

(6) If it becomes effective on August 5th, does this mean that any Japanese silk which is entered up to August 4th is free of the surtax?

(7) A large number of mills have ordered silk ahead. They have asked me if these bona fide orders will be subject to surtax if entered for customs on and after August 5th?

(8) When goods containing Japanese silk are exported from Canada, will there be a drawback allowed of the surtax paid?

(9) Is it the intention to attempt to apply the surtax to goods manufactured in other countries from Japanese silk?

You were kind enough to say I could ring you in the morning - Wednesday."

Have you Mr. Scully's reply to that? A. I had spoken to Mr. Scully on the telephone about these various matters and he asked me to put them in writing and he was kind enough on the following day to telephone me the answers. They came in in writing on the following day, but he telephoned me the answers.

"(4) Is the 3E-1/34 calculated on the invoice price in United States dollars?

(5) Does the application of the sales tax become effective on August 5th?

(6) If it becomes effective on August 5th, does this mean that any Japanese silk which is entered up to August 4th is free of the sales tax?

(7) A large number of mills have ordered silk abroad. They have asked me if these orders will be subject to sales tax if entered for customs on and after August 5th?

(8) When goods containing Japanese silk are exported from Canada, will there be a drawback allowed of the sales tax?

(9) Is it the intention to attempt to apply the sales tax to goods manufactured in Canada from Japanese silk?

You were kind enough to say I could ring you in the morning - Wednesday.

Have you Mr. Scully's reply to this? A. I had spoken to Mr. Scully on the telephone about these various matters and he asked me to put them in writing and he was kind enough on the following day to telephone me the answers. They came in in writing on the following day, and I [illegible] me the answers.

MR. McRUER: Then I think we might attach it to the same exhibit.

-- Mr.Scully's letter, dated 25th of July, 1935, to Major Hallam attached to Exhibit #634.

"I have your letter of the 23rd instant, inquiring as to the application of the surtax on Japanese raw silk.

As far as I am aware at the present time, the answers to your questions are as follows:

(1) Question: Does the surtax apply to Japanese raw silk imported direct?

Answer: Yes.

(2) Question: Is the 33-1/3% calculated on the yen at 49.85¢ or at the current rate, say 29¢?

Answer: The surtax will be calculated on the proclaimed value of the yen.

(3) QUESTION: Does the surtax apply to Japanese raw silk purchased from the United States?

Answer: Yes.

(4) Question: Is the 33-1/3% calculated on the invoice price in United States dollars?

Answer: The surtax will be calculated on the United States out of bond fair market value.

(5) Question: Does the application of the surtax become effective on August 5th?

Answer: Yes.

(6) Question: If it becomes effective on August 5th, does this mean that any Japanese silk which is entered up to August 4th is free of the

MR. MORTON: Then I ask to eight attach it to the same exhibit.

— Mr. Smallwood, Acting Deputy Minister, to major Mellon attached to Exhibit 4024.

"I have your letter of the 23rd instant, inquiring as to the application of the surtax on Japanese raw silk.

As far as I am aware at the present time, the answers to your questions are as follows:

(1) Question: Does the surtax apply to Japanese raw silk imported direct?

Answer: Yes.

(2) Question: Is the 32-1/3% calculated on the yen at 42.834 or at the current rate, say 88¢?

Answer: The surtax will be calculated on the proclaimed value of the yen.

(3) QUESTION: Does the surtax apply to Japanese raw silk purchased from the United States?

Answer: Yes.

(4) Question: Is the 32-1/3% calculated on the invoice price in United States dollars?

Answer: The surtax will be calculated on the United States dollar market value.

(5) Question: Does the application of the surtax become effective on August 20th?

Answer: Yes.

(6) Question: If it becomes effective on August 20th, then the

surtax?

Answer: Goods imported into Canada up to and including the 4th August are exempt from the surtax.

(7) Question: A large number of mills have ordered silk ahead. they have asked me if these bona fide orders will be subject to surtax if entered for customs on and after August fifth?

Answer: Goods imported into Canada on and after August 5th are liable to the surtax.

(8) Question: When goods containing Japanese silk are exported from Canada, will there be a drawback allowed of the surtax paid?

Answer: Yes, subject to export drawback regulations.

(9) Question: Is it the intention to attempt to apply the surtax to goods manufactured in other countries from Japanese silk?

Answer: I am unable to advise on this point."

Q. Then you followed that up with a further memo dated - enclosedin letter dated July 25th, 1935?

A. I think there was one on the 25th in between there to Mr. Scully, was not there?

MR. McRUER: This will be a copy of a letter from Mr. Hallam to Mr. Scully dated 25th July, 1935. That will be added to Exhibit No. 554.

MATTERS:

Answer: Goods imported into Canada up to and including the 4th August are exempt from the surtax.

(7) Question: A large number of mills have ordered silk abroad. They have asked me if these some like orders will be subject to surtax if entered for customs on and after August 7th?

Answer: Goods imported into Canada on and after August 4th are liable to the surtax.

(8) Question: Then goods containing Japanese silk are exported from Canada, will there be a drawback allowed of the surtax paid?

Answer: Yes, subject to export drawback regulations.

(9) Question: Is it the intention to attempt to apply the surtax to goods manufactured in other countries from Japanese silk?

Answer: I am unable to advise on this point.

Q. Then you followed that up with a further memo dated - enclosedin letter dated July 20th, 1920?

A. I think there was one on the 20th in between there to Mr. Scully, was not there?

Mr. Sandes: This will be a copy of a letter from Mr. Hallam to Mr. Scully dated 20th July, 1920. That will be added to Exhibit No. 084.

This is: "Re Surtax Japanese Goods,

Belding-Corticelli of Montreal advise us that a surtax applied on raw material usually has the affect of changing the channels of trade. Unfortunately, the situation regarding raw silk is as follows:

Italian silk: Cannot be purchased and imported at anything close to the prices of Japanese raw silk and in any event is only suitable for a very few articles of manufacture.

China Silk. Has been practically out of the market for a long time because for export to be manufactured in other countires it was out of line with Japanese silk in regard to price and quality. Also it is only suitable for a very few articles of manufacture on modern high speed machinery.

For these reasons the use of Japanese silk is forced on the Canadian manufacturer, who will now have to pay a surtax of 33-1/3% on his raw silk from Japan, while manufactures in the United States, France, Switzerland, etc., can use Japanese silk and ship the semi or fully manufactured articles to Canada. So far as Belding-Corticelli is concerned the articles affected are thrown silk yarns, silk threads and twists, silk ribbons, silk braid etc.

This is:

"The Dutch Treasure Chest".

Building-Controlmill of Montreal advise us that a matter applied on raw material usually has the effect of changing the dimensions of items. Unfortunately, this situation regarding raw silk is as follows:

Silk-Worm Cocoons in Japan had deteriorated or anything close to the prices of raw cocoons raw silk and in any event is only available for a very few articles or manufactures.

Color Silk. has been practically out of the market for a long time because far exports to be manufactured in other countries is was out of line with Japanese silk in regard to price and quality. Also it is only available for a very few articles of manufactures on account high manual machinery.

For these reasons the use of Japanese silk is forced on the average manufacturer, who will now have to pay a surtax of 34-1/3% on his raw silk from Japan, while manufacturers in the United States, Mexico, Switzerland, etc., can use Japanese silk and sell the semi or fully manufactured articles to Canada. So far as Building-Controlmill is concerned the [illegible] silk [illegible], silk [illegible]

"They feel that in order to make the surtax affective, and to give the Canadian manufacturers a fair deal, the surtax should apply on the Japanese silk content of all imported semi or fully manufactured goods, and that the onus of proving that it is not Japanese silk should rest on the importer."

So that the proposition here was that the surtax of 33 1/3% should apply on all articles that were made of silk that had come from Japan in the raw state to any country and the onus would be on the importer to prove that the silk in the article did not come from Japan. A. No, the suggestion was that the silk content should be charged with 33 1/3% content. That is, the value of the silk content. In other words, an article cost $1.00 and the silk in it cost fifty cents, the surtax would apply on the fifty cents.

Q. To be added to the duty already payable on the article? A. Yes, and that would put the manufacturers of this country on an even basis.

Q. Any idea of what the consumer could possibly stand with the application of those mountainous duties? A. Well, I have yet to know who the consumer is. You mean the man who buys it or retailers?

Q. Surely an awful lot of us know who he is if you don't? A. Well, I don't know.

Q. Well then, on July 26th, 1935, you write to

"They feel that in order to make the
surtax effective, and to give the Canadian
manufacturers a fair deal, the surtax
should apply on the Japanese silk content
of all imported semi or fully manufactured
goods, and that the onus of proving that
it is not Japanese silk should rest on the
importer."

So that the proposition here was that the surtax of
25 1/3% should apply on all articles that were made of
silk that had come from Japan in the raw state to any
country and the onus would be on the importer to prove
that the silk in the article did not come from Japan.
. No, the suggestion was that the silk content should
be charged with 25 1/3% content. That is, the
value of the silk content. In other words, an
article cost $1.00 and the silk in it cost fifty cents,
the surtax would apply on the fifty cents.
. To be added to the duty already payable on the
article? . Yes, and that would put the manu-
facturers of this country on an even basis.
. Any idea of what the consumer would pay, say
and with the application of those manufacturers dealing
. Well, I have yet to know who the consumer is.
. mean the man who buys it or resellers?
. Surely an awful lot of us know who he is
. Well, I meet them.

Mr? Scully attached copy of circular letter?

A. I think there are two wires in between.

Q. Yes, there are two wires but we have not got copies of the wires? A. No, but I searched for them.

Q. On July 26th, you received a wire from Mr. Scully.

THE COMMISSIONER: That goes in too, the wire?

MR. McRUER: Yes, from the Commissioner of Customs to Mr. Hallam.

THE COMMISSIONER: What date?

MR. McRUER: 26th of July, 1935.

Re Telegram. Surtax being a duty as defined in Customs Act is to be included in duty paid value on which taxes are assessed.

H.D. Scully,

Commissioner of Customs."

Q. That is, sales tax or excise tax?

A. It was excise tax I had wired about.

Q. Excise tax would be assessed on the duty paid value - that is, the ordinary duty plus the surtax?

A. That is correct. Apparently I telegraphed him on that point.

Q. So that these things do pyramid when they get started, do not they? A. The excise tax would be calculated on the duty-paid value and then when the cloth is made up then on half of that we have protection.

MR. KELLOCK: We did not ask for the surtax.

Mr? Hally attached copy of circular letter?

A. I think there are two wires in between.

Q. Yes, there are two wires but we have not got copies of the wires? A. No, but I searched for them.

Q. On July 26th, you received a wire from Mr. Hally.

THE COMMISSIONER: That goes in too, the wire?

MR. McKAY: Yes, from the Commissioner of Customs to Mr. Hallam.

THE COMMISSIONER: What date?

MR. McKAY: June 14 (July) 1922.

No Telegram. Customs being a duty as defined in Customs Act is to be included in duty paid value on which taxes are assessed.

H.L. Hally,

Commissioner of Customs."

Q. That is, sales tax or excise tax?

A. It was excise tax I had wired about.

Q. Excise tax would be assessed on the duty paid value - that is, the ordinary duty plus the customs?

A. That is correct. Apparently I telegraphed the wrong wire.

Q. So that these things do provide when they get started, do not they? A. The excise tax would be calculated on the duty-paid value and then when the cloth is made up then on half of that we have protection.

MR.McRUER: Well, you cut up an awful fuss after it was taken off.

MR. KELLOCK: I don't think so. The surtax was put on after Japanese 50% tax.

MR. McRUER: The whole point is that the Treaty had to be revised and we are just working out at the moment some of the inconveniences, to say the least, that the public were put to by reason of the situation that prevailed at the time that the Government was faced with the proposition of revising the Treaty.

MR. KELLOCK: We are not responsible because we did not ask for it. That is all I am pointing out.

MR. McRUER: That I am pointing out is what you did, the howl that went up when the Government corrected the situation.

Then we come to a letter of the 26th of July, 1935, which enclosed a circular letter, from Mr. Hallam to Mr. Scully. It reads:

"Attached is a copy of a circular letter re surtax on Japanese raw silk which we sent to our members."

THE WITNESS: That was the circular letter of July 24th, 1935, of which you have a copy.

Q. That has already been put in I think.

A. I don't think that one is in but I am not certain.

MR. McRUER: Q. This is a circular letter dated 24th of July, 1935 to the members of the Silk

Mr. McMurtry: Well, you put up an awful fuss after it was taken off.

Mr. [illegible]: The brakes were put on after Japanese [illegible] ten.

Mr. McMurtry: The whole point is that the Treaty had to be revised and we are just working out at the moment some of the inconveniences, to say the least, that the audio was put to by reason of the situation that prevailed at the time that the government was faced with the proposition of revising the treaty.

A. Hallam: We are not responsible because we did not ask for it. That is all I am pointing out.

Q. Mr. McMurtry: What I am pointing out is what you did, the fact that went up when the Government [illegible] [illegible].

Then we come to a letter of the 28th of July, 1955, which enclosed a circular letter, from Mr. [illegible] to Mr. [illegible].

Attached is a copy of a circular letter re [illegible] on Japanese raw silk which we took to [illegible].

Mr. [illegible]: That was the circular letter of July 28th, 1955, of which you have a copy.

Q. That has already been put in I think.

A. I don't think that one is in but I am not certain.

Mr. McMurtry: This is a circular letter

Association, is it? A. To all users of silk. I think I missed out one man who was very angry.

Q. "The Order-inCouncil placing the surtax of 33-1/3% on goods the product or manufacture of Japan applies both to dutiable goods and free goods. The Order becomes effective on August 5th, 1935.

We wired you to-day: "Commissioner Customs advises surtax applicable Japanese raw silk imported direct, indirect or bought ahead, unless in territorial waters or across line midnight August fourth. Drawback allowed on exports. New order possible applying surtax goods made other countries from Japanese silk. No modification expected unless Japan makes concessions."

Q. Now, had you got information from the Government that their new order was possible applying surtax on goods made in other countries from Japanese silk? A. I think there is another letter in there. I put that question. He said he could give me no information on it.

Q. You evidently had some hope that you would be successful in that way? A. Yes.

Q. And you also said, "No modification expected unless Japan makes concessions." What concessions was it expected Japan should make in order to secure modification? A. Well, I think I said, I possibly said: How long is this thing going to remain?

Association, is it? A. To all sorts of silk. I think I missed out one man who was very angry.

Q. The order-in-Council placing the surtax of 3-1/2% on goods the product or manufacture of Japan applies both to dutiable goods and free goods. The order becomes effective on August 5th, 1920.

Q. Have you [illegible]: Commissioner Customs advises surtax applicable Japanese raw silk imported direct, indirect or through China, either in territorial waters or across land at points adjacent thereto. Drawback allowed on exports. Now order possible applying surtax goods made other countries from Japanese silk. No modification expected unless open ports concessions. Now, had you got information from the Government that their new order was possible applying surtax on goods made in other countries from Japanese silk? A. I think there is another letter in there. I put that question. He said he could give me no information on it.

Q. You evidently had some hope that you would be successful in that way? A. Yes.

Q. And you also said, "No modification expected unless open ports concessions." Well, I take it, I possibly modification.

And they said: Unless Japan does something we expect no modifications.

Q. Then you go on in this circular letter - I did not read it all. You get the same information from Mr. Scully? A. Yes, that is sending out the information. I sent him a copy.

Q. Then on July--- A. There is a telegram in between.

Q. Telegram from Mr. Scully to you, dated July 27th? A. That is an answer to a wire I sent.

Q. "Re telegram. Surtax will not apply to silk in bond in Canada before fifth August and entered for consumption at a later date."
But the next letter is a copy of a letter from you to Mr. Scully? A. No, I think the next is a letter from Mr. A.C. Williams, Textile Adviser, dated July 26th, 1935.

Q. That is not very important. Just says you are trying to get away on a holiday and Mr. Berry will look after it. A. Asking him to give further details on surtax. We were trying to find out what the facts were.

Q. And then there is a letter from Mr. Jackson to you dated 27th July, 1935. I do not think we need to read that into the record. A. No, that is not in answer to my letter that I sent giving Belding-Corticelli's views.

Q. And we come to a memo submitted by you

and they said: Unless Japan does something we expect no modification.

Q. Then you go on in this circular letter - I did not read it all. You get the same information from Mr. Donlly? A. Yes, that is sending out the information. I sent him a copy.

Q. Then on July--- A. There is a telegram in between.

10 Q. Telegram from Mr. Donlly to you, dated July 27th?

A. That is an answer to a wire I sent.

Q. "No telegram. Matter will not apply to milk in bond in Canada before fifth August and entered for consumption at a later date."

15 But the next letter is a copy of a letter from you to Mr. Donlly? A. No, I think the next is a letter from Mr. J.C. Hallam, Minister of Marine, dated July 30th, 1930.

20 Q. That is not very important. That says you are trying to get away on a holiday and Mr. Perry will look after it. A. Asking him to give further details on matter. We were trying to find out what the facts were.

25 Q. And then there is a letter from Mr. Pearson to you dated 27th July, 1930. I do not think we need to read that into the record. A. No, that is not in answer to my letter that I sent giving Beatty Donelly's views.

30

on the 29th of July, 1935, with a letter, reading as follows: It is a letter to Mr. Scully from Mr. Hallam dated29th July, 1935, and reads as follows:

"Attached is a memorandum on raw silk and the Japanese surtax which I believe should receive the earnest consideration of the Government."

There is a paragraph I want to refer to particularly in this memo, paragraph 5:

"For the reason given in 1, 2, 3, and 4, Canadian Mills if they are to continue to use silk will undoubtedly buy Japanese silk whether there is a surtax or not, and, therefore, this surtax applied on a raw material will not change the channel of trade as would likely be the effect with a surtax on other raw materials."

A. No, on other raw materials.

Q. (6) Mills manufacturing silk, weaving and knitting, accept orders ahead for their products and buy against these orders silk for future delivery. Some of the Canadian mills have sold as far ahead as the end of the year and will have to fill their contracts. In order to do so they must take in the Japanese silk they have contracted for in advance for future shipment or buy Japanese silk.

(7) For the reasons given in five and six the surtax will cause a substantial cash loss to mills

on the 28th of July, 1952, was a letter, which is as follows: It is a letter to Mr. Scully from Mr. Hallam dated 29th July, 1952, and reads as follows:

"attached is a memorandum on raw silk and the Japanese surtax which I believe should receive the earnest consideration of the Government."

There is a paragraph I want to refer to particularly in this memo, paragraph 5:

"For the reason given in 1, 2, 3, and 4, Canadian mills if they are to continue to use silk will undoubtedly buy Japanese silk because there is a surtax or not, and, therefore, this surtax applied on a raw material will not change the channel of trade as would likely be the effect with a surtax on other raw materials."

A. No, on other raw materials.

Q. (6) Mills manufacturing silk, weaving and knitting, accept orders ahead for their products and buy against these orders silk for future delivery. [illegible] mills may sell as far ahead as [illegible] of the year and will have to fill their requirements. In order to do so they must have in the Japanese silk they have contracted for in advance for future sales- [illegible] of Japanese silk.

(7) For the reasons given in five and six the

in Canada without in any way penalizing Japan." I think we had this memo or some portions of it?

A. I do not think it is in the record yet.

Q. There is a paragraph here that I do not think is dealt with, though, in the other letter we read:

"(9) Semi-manufactures and manufactures produced from Japanese raw silk in countries other than Japan are not subject to the surtax under the Order-in-Council. There are a larte number of Tariff items where the rates are such that the increased cost of Canadian manufacture due to the surtax will turn business to other countires, with a consequent loss to employment in Canada. It does not seem sound Canadian policy to prevent Canadian workers manufacturing Japanese silk, and turning the business over to workers in other countries; this is penalizing Canadians and not Japanese.

For example, all Japanese thrown silk used in Canada is thrown in Canada by Canadian labour. Tariff item 558 reads as follows: 'Yarns and warps wholly of thrown silk, in the gum, n.o.p. B.P. 10%, Intermediate 12½% and general 15%. If the importation of Japanese thrown silk is permitted under item 558 then the position is as follows:

Japanese raw silk thrown in the United States would be imported into Canada at a 15%

in Canada without in any way penalizing Japan."

I think we had this memo or some portions of it?

A. I do not think it is in the record yet.

Q. There is a paragraph here that I do not think is dealt with, though, in the other letter we read:

"(3) Sock-manufacturers and manufacturers prod from Japanese raw silk in countries other than Japan are not subject to the surtax under the Order-in-Council. There are a large number of tariff items where the rates are such that the increased cost of Canadian manufacture due to the surtax will turn business to other countries, also a temporary loss in employment in Canada. It does not seem sound Canadian policy to prevent Canadian workers manufacturing Japanese silk, and turning the business over to workers in other countries; this is penalizing Canadian and not Japanese.

For example, all processes giving Canadian labour. Tariff item 550 reads as follows:

'Yarns and warps wholly of thrown silk, in the gum, n.o.p., B.F. 10%, Intermediate 15% and General 15%. In the consideration of Japanese Canadian silk is practically under the same the position is as follows:

Japanese raw silk grown in the United

duty, while the raw Japanese silk from which the thrown yarn is made would be dutiable at 33-1/3% or the thrown silk could be imported from Great Britain at 10% or from Treaty Countries, other than Japan at 12½%.

This would only result in throwing Canadians out of employment, employing people in other countries, with no penalty to Japan."

So you in putting those views before the Government was putting the views of the Silk Association, I take it? A. Well, I was putting a memo up---

Q. Well, you were putting it forward as secretary of the Silk Association? A. Yes, I was putting the views at that time.

Q. And the situation with those views before them, which the Government had to consider certainly, was this: That all the raw silk that was being required in Canada to keep the mills running was being subjected to a surtax of 33-1/3%; that the mills was contending that this was detrimental to Canadian labour and throwing people out of work? A. Under certain circumstances.

Q. That it was giving foreign countries an advantage over the Canadian manufacturers?
A. Under certain circumstances, yes.

Q. And that this was an undesirable condition in regard to the silk industry in Canada,

MR. KELLOCK: You have left out the meat of the whole thing, as the memo points out - if it came here

duty, until the raw Japanese silk from which the thrown yarn is made would be dutiable at 32½% or the thrown silk could be imported from Great Britain at 15% or from treaty countries, other

out of employment, employing people in other countries, with no penalty to Japan."

So you in putting those views before the Government

of the silk manufacture? A. Yes, I was putting the views at that time.

And the situation with those views before them, which the Government had to consider certainly, was this: That all the raw silk that was being required in Canada to keep the mills running was being subjected to a surtax of 32½%; that the mills are contending that this was detrimental to Canadian labour and throwing

That it was giving foreign countries and

A. And that this was an undesirable condition in regard to the silk industry in Canada.

MR. KELLOCK: You have left out the rest of the

directly it would be subject to that surtax but if it went through the United States it would not.

MR. McRUER: Do you mean to suggest that as a cure for this you thought the Government ought to spread this 33-1/3 % sur tax over a greater line of goods or that they should take it off in respect to raw silk? A. The memo says what the suggestion was and that the Japanese fabricated in the United States.

Q. It is very interesting to know if that was the contention of the Silk Association?
A. The suggestion is contained in this letter that has already been read.

THE COMMISSIONER: Q. On Japanese contents?
A. Yes, on the Japenese Contents.

MR. McRUER: Q. That is what you were contending for? A. That is what we suggested at that time.

Q. But later on I think you were contending for the position of having the surtax removed from raw silk? A. I don't think we ever did that.

Q. Why did not you? A. Because I think I told you before that we did not consider it fair.

Q. Why?

BY THE COMMISSIONER: Q. Fair to whom?

A. I think I have been through this before, it is on the record. You asked me the same question.

MR. McRUER: It will be the same answer now.

directly it would be subject to that matter but if it went through the United States it would not.

Mr. MOORE: Do you mean to suggest that as a

5 ours for this you thought the Government ought to spread this 33-1/3 % ad tax over a greater line of goods or that they should take it off in respect to raw silk?

A. The mere fact that we suggested

10 [illegible] changes.

Q. It is very interesting to know if there was the consideration of the silk manufacture?

A. The suggestion is contained in this letter that

15 has already been read.

THE CHAIRMAN: Q. On Japanese centuns?

A. Yes, on the Japanese C ntuns.

Mr. MOORE: Q. That is what you were contemplating for?

A. That is what we suggested at that

20 time.

Q. But later on I think you were contemplating for the [illegible] raw silk?

A. I don't think we ever did that.

25 Q. Why did not your

A. Because I think I told you before that we did not consider it fair.

Q. Why?

If [illegible] fair is [illegible]

A. I think I have been through this before, it

30 is on the record. You asked me the same question.

A. It is set out in one of the letters.

Q. Well, what is it?

THE COMMISSIONER: Q. Fair to whom- you say you don't think it would be fair - fair to whom? Fair to the Government? A. Or the people in British Columbia.

Q. You mean to say as consumers in British Columbia? A. No, the point was this---

Q. Because they supplied certain materials to Japan? A. No, for the silk trade to ask to have the surtax taken off their raw silk would be unfair to the Government or to British Columbia.

Q. Why British Columbia? A. Because the 50% surtax was on certain goods.

Q. You mean the Japanese surtax? A. Yes, the Japanese surtax or anything from British Columbia and the West to Japan and the only real value - the real value of the 33-1/3% surtax put on by Canada was because the Japanese were very nervous about the movement of raw silk as compared to artificial silk. If the surtax remained on for a long time it would mean that gradually the use of real silk would have disappeared from a great many things in Canada and artificial silk would have taken its place, and the Japanese Sericulture is mixed up very much with their agriculture, they farm part of the year and for part of the year they grow silk worms and they are very touchy on anything which affects the

A. It is set out in one of the letters.

Q. Well, what is it?

THE COMMISSIONER: Q. Well to whom you say you don't think it would be fair - fair to whom?

A. In the Government.

British Columbia.

Q. You mean to say as an answer in British Columbia?

A. No, the people who will---

Q. Because they supplied certain materials to Japan? A. No, for the silk trade to ask to have the surtax taken off their raw silk would be unfair to the Government or to British Columbia.

Q. Why British Columbia? A. Because the surtax was on certain goods.

Q. You mean the Japanese surtax? A. Yes, the Japanese surtax or anything from British Columbia and the West to Japan and the only real value - the real value of the 33-1/3% surtax put on by Japan was because the Japanese were very nervous about the movement of raw silk as compared to artificial silk. If the surtax remained on for a long time it would

[illegible]

exports of silk.

Q. The trouble is you start on one thing and go on to another. You told me it would not be fair to the people of British Columbia - I have not got an answer to that. A. The reason for that was the only pressure that the Canadian Government could bring to bear from the 33-1/3 per cent. - because we were taking $3,636,000 of Japanese silk---

Q. What had British Columbia to do with it? A. Well, because they were exporting.

Q. They were exporting what? A. They had been exporting certain products like pulp wood and timber and the 50% surtax went on that and the Canadian Government put 33-1/3% surtax ---.

Q. You did not think it would be fair to them unless the Japanese 50% surtax came off there? A. No, it was one weapon we had to try to bring them to time.

MR. McRUER: Q. Well, did your Association take the position that this ought to go on forever, that there ought to be no compromise between these two countries? A. I don't think so. The Japanese had started in, first of all tried it on in England and they tried it on in Australia and tried it on in Canada.

Q. Yes, but the situation when they tried it in Canada was that Canada was importing about $4,000,000 of stuff from Japan and exporting $16,000,000.

exports of silk.

Q. The trouble is you start on one thing and go on to another. You told me it would not be fair to the people of British Columbia - I have not got an answer to that. A. The reason for that was the only pressure that the Canadian Government could bring to bear from the 33-1/3 per cent. - because we were taking $4,656,000 of Japanese silk---

Q. What had British Columbia to do with it?

A. Well, because they were exporting.

Q. They were exporting what? A. They had been exporting certain products like pulp wood and timber and the 33⅓ surtax went on that and the Canadian Government put 33-1/3% surtax ---.

Q. You did not think it would be right to tax unless the Japanese 33⅓ surtax came off there?

A. No, it was one weapon we had to try to bring them to time.

MR. BARNARD: Q. Well, did your negotiation have the position that this would go on forever, that there ought to be no competition between these two countries? A. I don't think so. The Japanese had started in. First of all tried it in England and they tried it on in Australia and tried it on in Canada.

Q. Yes, but the situation when they tried it in Canada was that Canada was importing about $4,000,000 of silk from Japan and selling $1,000,000

Do you think that is a situation that could be maintained indefinitely? A. You mean, in other words, it is unsound that we should export more to Japan than they export to us and that the trade should be balanced.

Q. I think it is very sound but do you think we could afford to quarrel with a customer that was as good as they were? A. The reason I was asking you that is that our exports to the United States are tremendously lower than their exports to Canada and I was just wondering if it is sound in the instance ~~question~~ of Japan it is sound in the instance of the United States and we should keep them out.

THE COMMISSIONER: I do not know if anybody has told us why Japan took this action of putting 50% surtax on Canadian products.

MR. McRUER: I think Mr. Hooper told us that.

MR. KELLOCK: I think it was to compel reduction they used the weapon first.

THE WITNESS: They wanted the currency dumping duty taken off.

THE COMMISSIONER: No, they thought that our tariff prior to our 33-1/3% was already too high.

THE WITNESS: No, it was our currency.

Q. They thought the tariff was too high?

A. Yes.

MR. McRUER: Q. And the particular thing was that the currency dumping duty discriminated against Japan?

Do you think that is a situation that could be maintained indefinitely? A. Yes sir. In other words, it is unsound that we should export more to Japan than they export to us and that the trade should be balanced.

Q. I think it is very sound but do you think we could afford to quarrel with a customer that was as good as they were? A. The reason I was saying that is that our exports to the United States are considerably larger than yours, and I was just wondering if it is sound in the interests of Japan it is sound in the instance of the United States and we should keep them out.

THE CHAIRMAN: I do not know if anybody has told us why Japan took this action of putting 50% surtax on Canadian products.

MR. MOTTON: I think Mr. Hooper told us that.

MR. HALLOCK: I think it was to compel reduction they used the weapon first.

THE WITNESS: They wanted the currency dumping duty taken off.

THE CHAIRMAN: So, they thought it was our tariff prior to our 33-1/3 was already too high.

THE WITNESS: And it was our currency.

Q. Has anybody ever heard I was for higher tariffs?

A. Yes.

Q. Are you for protection? A. I am for protection.

A. Oh, I don't think so.

Q. Well, that was their contention? A. Yes, but not very economic.

--

-- Adjourned at 3.55 P.M. for recess.

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Cross (Milliken)

A. Um, I don't think so.

Q. Well, that was truly continuing? A. Yes, but not very economic.

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-- Adjourned at 3.05 P.M. for recess.

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-- On resuming.

Mr. Hallam, I show you a copy of a letter from yourself to Consolidated Silk Mills Limited, Montreal-

THE COMMISSIONER: Is this a new topic?

MR. McRUER: It is another topic, my lord.

THE COMMISSIONER: Then that will be Exhibit 635. A letter from?

MR. McRUER: A letter from Mr. Hallam to Consolidated Silk Mills.

THE WITNESS: An office copy, my lord.

MR. McRUER: Dated February 1st, 1932:

"I have your questionnaire regarding 1930 and 1931, copy of which I attach. I would be obliged if you would check this as the figures do not lock right. As you are aware Ottawa treated the silk industry extremely well in the 1930 and 1931 tariff revisions, and they are entitled to the most accurate figures we can provide to show the advantages gained by these changes, as a very heavy attack is going to be made on the protective policy immediately on the opening of Parliament."

And you signed it as Secretary? A. That is correct.

Q. I take it that that was the general feeling that the silk industry evidently had been treated extremely well? A. I think so, yes.

Q. And you were gathering up figures by

-- Q. Thousands.

Mr. Mullins, I show you a copy of a letter from [illegible] Silk Mills, Limited, [illegible] Is this a new topic?

Mr. Mullins: It is another topic, my lord.

The Commissioner: Then that will be available [illegible] A letter from?

Mr. Mullins: A letter from Mr. Mullins to [illegible] Silk Mills.

The Witness: An office copy, my lord.

Mr. Mullins: [illegible] Yesterday [illegible]

"I have your questionnaire regarding 1930 and 1931, copy of which I return. I would be obliged if you would check this as the figures do not look right. As you are aware Ottawa treated the silk industry extremely well in the 1930 and 1931 tariff revisions, and they are entitled to the most accurate figures we can provide to show the advantages gained by these changes, as a very heavy attack is going to be made on the protective policy immediately on the opening of Parliament."

And you signed it as secretary? A. That is correct.

I take it that was the general feeling that the silk industry evidently had been treated extremely well -- I think so, yes.

circulating the industry with a questionnaire so as to combat an attack that was going to be made on the protective policy immediately on the opening of Parliament? A. That was not the intention originally, but I had been informed that there was likely to be an attack.

Q. Well, you say, "Not the intention originally". Is not that precisely what you are saying in this letter, that they are entitled to the most accurate figures we ca provide to show the advantages gained by these changes, as a very heavy attack is going to be made on the protective policy immediately on the opening of Parliament? A. Yes. I had sent out a questionnaire some time in advance endeavouring to collect information, and I had, apparently, got back, - I think I can find the original questionnaire.

Q. I think I can give you a copy? A. I think I can find the original consolidated questionnaire that they sent me back; I think I got it on the telephone finally.

Q. I think we have one here? A. Oh, I obtained that on the telephone fro Davies. I have got "Davies" noted on there. I wrote a letter asking if I could get it.

Q. You were wanting facts about the amount of production, and number of employees, and soon?

circulating the industry with a questionnaire so as to combat an attack that was going to be made on the protective policy immediately on the opening of parliament? A. That was not the intention originally, but I had been informed that there was likely to be an attack.

Q. Well, you say, "not the intention originally" is not that precisely what you are saying in this letter, that they are entitled to the most generous figures we can provide to show the advantages gained by these changes, as a very heavy attack is going to be made on the protective policy immediately on the opening of parliament? A. Yes. I had sent out a questionnaire some time in advance endeavouring to collect information, and I was apparently got back, - I think I can find the original questionnaire.

Q. I'd like if you'd give a sample. - I think I can find the original correspondence questionnaire that they sent me back; I think I got it in the Dominion Foundry.

Q. I think we have one here? A. Yes, I sent out the Dominion Foundry. I have got "Davies" noted on there. I wrote a letter asking if I could get it.

Q. The more selling price then amount of production, and number of employees, and so on?

A. Yes, and I got back, if I remember correctly, a questionnaire which they had not taken very seriously.

Q. But you supplied the Government directly with all those figures, wrote to the Prime Minister, and then he quoted your letters in Hansard?

A. No, the original questionnaire returned from Consolidated was not satisfactory.

Q. Why was it not satisfactory? A. I wish I could find it and I would tell you. But I wrote a letter to them to try to get them to fill it in.

Q. Well, it was so that you could prepare a brief for those supporting the protective policy to present the case to Parliament, that is what you were doing? A. I was obtaining the material for it, yes, sir.

Q. Now, just one other thing, Mr. Hallam, and I think you and I are about through. A. Just one minute, Mr. McRuer, please. Yes, I see I wrote to our President, Mr. John Cowling, on February 5th, 1932, stating:

"The matter is rather delicate because the Consolidated sent me a questionnaire which was filled in, in such a way, that it was apparent the actual figures were not brought out. I sent it back to them, and asked for revised figures, pointing out that it had probably been filled in in error, but so far

A. Yes, and I got back, if I remember correctly, a questionnaire which they had not taken very seriously.

Q. But you sent the government directly with all those figures, wrote to the prime minister, and been he quoted your letters in Hansard?

A. No, the original questionnaire returned from Consolidated was not satisfactory.

Q. Why was it not satisfactory? A. I think I could find it was I would tell you. But I wrote a letter to them to try to get them to fill it in.

Q. Well, it was so that you could prepare a brief for those supporting the protective policy to present the case to Parliament, that is what you were going? A. I was obtaining the material for it, yes, sir.

Q. Now, just one other thing, Mr. Hallam, and I think you and I are about through. Q. Just one minute, Mr. Hamer, please. Yes, I see I wrote to our President, Mr. Ross Dowling, on February 8th, 1926, saying:

"The matter is rather delicate because the Consolidated sent me a questionnaire which was filled in, in such a way, that it was apparent the actual figures were not brought out. I sent it back to them, and asked for written figures, pointing out that it had previously been filled in in error, but so far

no answer has been made to my subsequent letters and telegrams, and I would be greatly obliged if you would undertake to do this for me.... "

Q. I am not criticising the details at all.

A. I was trying to get the correct figures. Yo are not suggesting I was getting figures that were not accurate?

Q. No, no. The whole purpose of discussing the matter was the fact, that you seemed to be so well pleased with the way the Government had used you, you wanted to make sure they did not underestimate the protection you felt they were entitled to. You attended the meeting that took place in Ottawa, on the 14th of January, 1936, when the matter of the Japanese situation was discussed with some of the Ministers? A. That is correct.

Q. Yes.

THE COMMISSIONER: Will you give me the date, please?

MR. McRUER: January 14th, 1936, my lord.

Q. And, as a result of that meeting, a report was sent out by Mr. Berry to several people. Mr. Marx' copy has been filed as Exhibit 277. Was this report prepared by you? A. Part of that was done by me, and some of that was dictated to a stenographer at Ottawa immediately following.

THE COMMISSIONER: That was a report sent out by

so many I has been sent to my subsequent letters and telegrams, and I would be greatly obliged if you would undertake to do this for me.... "

Q. I am not criticising the details at all.

A. I was trying to get the correct figures. You are not suggesting I was so time figures that were not accurate?

Q. No, no. The whole purpose of discussing this matter was the fact, that you proceed as an well disposed with the way the Government had used you. You wanted to make sure they did not unnecessarily use the protection you felt they were entitled to. You attended the meeting that took place in Ottawa, on the 14th of January, 1942, when the matter of the Japanese situation was discussed with some of the Ministers? A. That is correct.

Q. Yes.

Mr. [illegible]: Will you give me the name, please?

Mr. [illegible]: SAMUEL [illegible], MP, Lord.

A. And, as a result of that meeting, a report was sent out by Mr. Perry to several people. Mr. Perry has been filed as Exhibit 277. Was this report prepared by you? A. Part of that was done by me, and some of that was contributed to a [illegible].

Mr.Marx.

MR. McRUER: It was sent out by Mr. Berry, my lord.

THE COMMISSIONER: Then how does Mr. Marx come into it?

MR. McRUER: This was sent to Mr. Marx, and it purports to be a confidential report by Mr. Marx. It says:

"We are enclosing a confidential report prepared by Mr. J.H. Marx, Chairman of the Broad Silk Section, concerning a meeting of the Primary Textiles Institute on January 4th, 1936."

THE WITNESS: I dictated some of that and Mr. Marx took that to Montreal.

Q. Yes; evidently it must have come back to you, or to your office, to be sent out?

A. Yes, it came to my office.

Q. Or to Mr. Berry, at any rate?

A. Yes.

Q. ——

LM. MORRISON: It was sent out by Mr. Mark, my lord.

THE COURT REPORTER: Then how does Mr. Mark come into it?

LM. MORRISON: This was sent to Mr. Mark, and it purports to be a confidential report by Mr. Mark. It says:

"We are enclosing a confidential report prepared by Mr. L.M. Mark, Chairman of the Wood Mill section, concerning a meeting of the Primary Textile Institute on January 8th, 1,930."

MR. LAMONT: I distinct some of that and Mr. Mark took that to Montreal.

Q. Yes; evidently it must have come back to you, or to your office, to be sent on?

A. Yes, it came to my office.

Q. Or to Mr. Berry, at any rate?

A. Yes.

BY THE COMMISSIONER: Q. Does it bear a date?

A. January 16th, 1936.

MR. McRUER: It is in, my lord.

THE COMMISSIONER: Yes, but I wanted the date of it.

BY MR. McRUER: Q. Have you got the portion that you dictated? A. No, I cannot tell you what that was, sir.

Q. Did you see it after it was sent out?

A. Yes.

Q. It came to you after it was sent out?

A. Yes.

Q. You took no exception to it being a correct summary of what took place? A. Well, I don't know that it is all correct, but it is--

BY THE COMMISSIONER: Q. The question is, did you take any objection? A. No, sir.

BY MR. McRUER: So it went out to the trade from your office, at any rate, as a correct summary of what took place? A. Yes, as it states in the letter, "We are enclosing a confidential report prepared by Mr. J.H. Marx".

Q. It was intended to be a correct statement of what took place before the Ministers?

A. Yes, itwas intended to be a correct statement of what took place.

Q. Let us see just how it worked out; you dictated a portion of it? A. Yes.

Q. Then, was that gone over by the respective members of the committee who were there? A. No.

BY THE COMMISSIONER: Q. Was it been a letter?

A. January 16th, 1926.

MR. MORDEN: It is in, my lord.

MR. COMMISSIONER: Yes, but I mention the date of it.

BY MR. MORDEN: Q. Have you got the portion that you dictated? A. No, I cannot tell you what that was, sir.

Q. You do see it after it was sent out?

A. Yes.

Q. It came to you after it was sent out?

A. Yes.

Q. You took no concern to it being a correct summary of what took place? A. Well, I didn't know that it is all correct, but it is--

BY THE COMMISSIONER: Q. The question is, did you take any objection? A. No, sir.

BY MR. MORDEN: So it went out to the trade from your office, at any rate, as a correct summary of what took place? A. Yes, as it comes in the letter. We are enclosing a confidential report [illegible].

Q. It was intended to be a correct statement of what took place and the minister?

A. Yes, thus intended to be a correct statement of what took place.

Q. Let us see just how it worked out; you dictated a portion of it? A. Yes.

Q. Then, was that gone over by the resumption members of the committee who were there? A. No.

Q. Was it gone over between you and Mr. Marx?
A. No, I think what happened was - at least, I can tell you what happened; I never saw it in type. Mr. Marx took a shorthand account with him.

Q. Took a shorthand account?
A. We had a stenographer in Ottawa, his own stenographer brought up.

Q. Marx's stenographer? A. Yes, from his business, and I dictated part of this, some part of it.

Q. Can you recognize your own dictation?
A. No, I cannot.

Q. Well, you would be the secretary of the committee and you would dictate it all, wouldn't you?
A. No, I didn't, I certainly didn't.

Q. At any rate, after Marx took it away he composed the report from his own memorandum and then sent it back to you? A. He sent it to Mr. Berry to be sent out. Mr. Berry sent it on to me to look at.

Q. Before it was sent out? A. Before it was sent out.

Q. All right, that is all I want to know. So that you would not be sending out any report that you did not think was a correct report according to your recollection of what took place?
A. That would be correct; if there had been anything in it I would probably have criticized it.

MR. McRUMM: Now, I think I am through with Mr. Hallam. There is a gentleman here who has come from

Q. Was it done over between you and Mr. Merx?

A. No, I think what happened was - at least, I can tell you what happened; I never saw it in type. Mr. Merx took a shorthand account with him.

Q. Took a shorthand account?

A. He had a stenographer in Ottawa, his own stenographer brought up.

Q. Merx's stenographer? A. Yes, from his business, and I dictated part of this, some part of it.

Q. Can you recognize your own dictation?

A. No, I cannot.

Q. Well, you would be the secretary of the committee and you would dictate it all, wouldn't you?

A. No, I didn't, I certainly didn't.

Q. At any rate, after Merx took it away he composed the report from his own memorandum and then sent it back to you? A. He sent it to Mr. Perry to be sent out. Mr. Perry sent it on to me to look at.

Q. Before it was sent out? A. Before it was sent out.

Q. All right, that is all I want to know. Do you feel that you should be sending out an report that you did not think was a correct report according to your recollection of what took place?

A. That would be correct; if there had been anything in it I would probably have criticized it.

Mr. Perry: Sir, I think I am through with Mr.

out of town and I think he could be disposed of very conveniently now if Mr. Kellock would not mind putting in his evidence later.

MR. KELLOCK: Well, I have no objection at all, but with my friend's permission there is just one thing I would like to ask the witness about before it gets a little stale.

BY MR. KELLOCK: Q. Mr. Hallam, my friend stated a little earlier in the afternoon in connection with the Japanese surtax, that is, the 33⅓ percent surtax on Japanese goods, that you, meaning, I suppose, the Associations, the members of the Associations, to use my friend's own language had set up quite a howl about the taking off of the surtax. Now, is that a fact or what was the fact? A. No, that was not the fact.

Q. What was the fact? A. What they objected to was the reduction in the depreciated currency, the proclaimed value.

Q. That is, the proclaimed value of the yen? A. And taking off the fixed valuations.

MR. McRUER: My point was not that at all. It was not taking off the surtax. You were complaining about the result? A. Our objection--

MR. KELLOCK: If my friend will just leave the witness in my hands; what my friend stated was the way I put it to you. I am going to just ask you and I want to get the facts as to what your people were complaining about, I mean, what happened on the first

ut of town and I think he could be disposed of very
onveniently now if Mr. Bellock would not wind putting
in his evidence later.

MR. KELLOCK: Well, I have no objection at all.
ut with my friend's preliminary there is just one point
I would like to ask the witness about before it gets
a little later.

BY MR. KELLOCK: Q. Mr. Miller, my friend putting
a little earlier in the afternoon in connection with
the Japanese survey, that is, the RMS present survey
on Japanese goods, that you, meaning, I suppose, the
associations, the members of the associations, in our
friend's own language had set up quite a local school
the taking off of the surtax. Now, is that a true
r what was the fact? A. No, that was
not the fact.

Q. What was the fact? A. What they
objected to was the reduction in the depreciated
urrency, the proclaimed value.

Q. That is, the proclaimed value of the yen?
A. And taking off the fixed valuations.

MR. SCOTT: My point was not that at all. It
was not taking off the surtax. You were complaining
bout the result? A. We objected to--

MR. KELLOCK: Well if my friend will just leave the
witness in my hands; what my friend states was the way
I put it to you. I am going to just ask you and I
want to get the facts as to what your people were
contending at, I mean, what happened in the first

of January, 1936. Were you complaining about the removal of the surtax or what were you complaining about? A. We were complaining about the reudction of the fixed value of the yen.

Q. That is, the proclaimed value of the yen?
A. Yes, plus the taking off the fixed valuations.

Q. That is, so much per pound?
A. The fixed valuations under Section 43.

Q. That was all done at one time?
A. Yes, it was all done at one time.

BY THE COMMISSIONER: Q. He has said two things, now; you have not said whether you objected or not to the taking off the 33⅓ percent surtax?
A. No sir, we did not object to that.

MR. KELLOCK: The witness already explained he felt that would be unfair to ask to have that taken off. That is all, only I am not through with the witness but I wanted to bring that out at this stage.

THE COMMISSIONER: Well, Mr. Hallam, steps aside.

MR. McRUER: Mr. Beauregard will proceed with this witness, my lord.

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MATTHEW H. SERGEANT, sworn,

EXAMINED BY MR. BEAUREGARD:

Q. What is your first name, Mr. Sergeant?
A. Matthewm.

MR. KELLOCK: What is the name?

THE COMMISSIONER: Matthew H. Sergeant.

of Canada, 1928. Have you a complete record of the removal of the matter of what was you complaining about?

A. We were complaining about the removal of the fixed value of the pen.

Q. That is, the prescribed value of the pen?

A. Yes, plus the setting out the fixed value.

Q. That is, so much per pound?

A. The fixed value since under Section 4.

Q. That was all done at one time?

A. Yes, it was all done at one time.

BY THE COMMISSIONER: Q. He has also two points, sir; you have not said whether you objected or not to the taking out the 20% personal account?

A. No sir, we did not object to that.

MR. HOWDEN: The witness already explained he THAT THEY THEN DO AGAIN: He asks to have that taken off. That is all, only I am not through with the witness but I wanted to bring that out at this stage.

THE COMMISSIONER: Well, Mr. Fullum, stops sales.

MR. MORDEN: Mr. Beauregard will proceed with the examination.

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MATTHEW H. BEAUREGARD, SWORN.

EXAMINED BY MR. BEAUREGARD:

Q. What is your first name, Mr. Beauregard?

A. Matthew.

MR. MERIDOR: What is the name?

THE COMMISSIONER: Matthew H. Beauregard.

BY MR. BEAUREGARD: What is your age?

A. 40.

Q. What is your occupation?

A. Weaver.

Q. Are you from Toronto? A. No, Campbellford.

Q. Ontario? A. Ontario, yes.

BY THE COMMISSIONER: Q. Where is he a weaver?

A. Campbellford, Ontario.

Q. What company, what mill?

A. Campbellford Cloth Company.

BY MR. BEAUREGARD: Q. How long have you been employed by this company?

A. Periodically for 26 years.

Q. What do you mean periodically; do you mean you had been working elsewhere or you had stopped working?

A. By the way, this company has changed hands during that time. The Campbellford Cloth Company have only had it since 1921, I believe, or 1922.

Q. You mean that present company is known under that name? A. The present company, yes.

Q. Since 1921? A. 1921 or 1922.

Q. But you mentioned that you had been working for that company and the previous company doing the same type of business at the same place?

A. Yes.

Q. The two periods together would amount to 26 years? A. With some breaks.

Q. Would you tell us what is the condition of the working organization over there; what is the condition of the working man?

BY MR. BRADLEY: What is your name?

A. Ed.

Q. What is your occupation?

A. Reever.

Q. Are you from Corinth?

A. Corinth.

BY THE COMMISSIONER: Q. Where is he a weaver?

A. Campbellford, Ontario.

Q. What company, sir?

A. Campbellford Cloth Company.

BY MR. PRATCHAN: Q. How long have you been employed by this company?

A. Periodically for 26 years.

Q. What do you mean periodically; do you mean you had been working elsewhere or you had stopped working?

A. By the way, this company has changed hands during that time. The Campbellford Cloth Company have only had it since 1921, I believe, or 1922.

Q. You mean that probably it belongs under that name? A. The present company, I'm.

Q. Since 1921? A. 1921 or 1922.

Q. But you mentioned that you had been working for that company and the previous company during the same type of business at the same place?

A. Yes.

Q. The two places together would amount to 26 years? A. With some breaks.

Q. What you will me what is the condition of the working conditions over there, what is the condition of the factory?

A. They were very poor. They have been getting poorer all the time for the past few years until last year they reached a very low level.

Q. Well, explain yourself; my question is whether the working men in your village are organized or not? A. They were organized.

Q. A labour organization, I mean?

A. They were organized for about 5 months; They are broke down.

Q. They have been organized during 5 months?

A. They were organized from January until June 27th.

Q. Since then, 1927, - I mean this year, what is the condition of the working organization in your locality? A. I cannot tell anything since the 27th day of June because I have not been employed by them since that date.

BY THE COMMISSIONER: Q. You mean this year?

A. Yes sir, my lord.

BY MR. BEAUREGARD: Q. You mean June, 1936?

A. June 27th, 1936.

Q. The 27th of June, 1936, the organization had just started then?

BY THE COMMISSIONER: Q. No, I understand you to say you left the employment of the mill on that date?

A. Yes, my lord.

Q. This organization of 5 months' duration was back a long time? A. From January, 1936 until June 27th.

Q. Of this year? A. Yes.

A. They were very poor. They have been getting poorer all the time for the past few years until last year they reached a very low level.

Q. Well, explain yourself; my question is whether the working men in your village are organised or not? A. They were organised.

Q. A labour organisation, I mean?

A. They were organised for about 3 months. They are broke down.

Q. They have been organised during 3 months?

A. They were organised from January until June 27th.

Q. Since then, 1927, - I mean this year, what is the condition of the working organisation in your locality? A. I cannot tell anything since the 27th day of June because I have not been employed by them since that date.

BY THE COMMISSIONER: Q. You mean this year?

A. Yes sir, my lord.

BY MR. BERUBE,Q.C.: Q. You mean June, 1926?

A. June 27th, 1926.

Q. The 27th of June, 1926, the organisation had just started them?

BY THE COMMISSIONER: Q. No, I understand you to say you left the employment of the mill on that date?

A. Yes, my lord.

Q. This organisation of 3 months' duration was back a long time? A. From January, 1926 until June 27th.

Q. Of this year? A. Yes.

Q. What was the organization?

BY MR. BEAUREGARD: Q. What was it consisting of? A. Branch number 2 of the Ontario Textile Workers' Association.

Q. The name of the association would be Ontario Textile-- A. Workers' Association.

Q. Workers' Association? A. Yes.

Q. And with a section at Campbellford? A. Branch number 2.

Q. How many members in that branch? A. 79.

Q. Members? A. Yes.

Q. Out of how many employees in the firm? A. There would be approximately 180 .

Q. Can you report of any action by this branch as a branch of the organization, any activity between employer and the employee? A. Yes, we tried to make adjustments to make conditions better for the workmen at the same time cooperating with the company. Never at any time did this branch ask for an increase in the price lists,but rather---

BY THE COMMISSIONER: Q. You mean an increase in wages? A. An increase in price lists.

Q. What is a price list? A. The scale of pay.

Q. The scale of pay, yes; were you an officer of the organization? A. Yes, my lord, I was president of this particular branch.

BY MR. BEAUREGARD: Q. What is the point you have taken with the employer? A. We tried -

Q. What was the organization?

BY MR. BRADBURY: Q. What was it organized as?

A. Branch number 2 of the Ontario Textile Workers' Association.

Q. The name of the association would be Ontario Textile--

A. Workers' Association.

Q. Are with a section at Campbellford?

A. Branch number 2.

Q. How many members in that branch?

Q. Members? A. Yes.

Q. Out of how many employees in the mill?

A. There would be approximately 150.

Q. Can you report of any action by this branch as a result of the negotiations, or activity between employer and the employee? A. Yes, we tried to make adjustments to make conditions better for the workmen at the same time cooperating with the company. Never at any time did this branch ask for an increase in the price lists, but rather---

BY THE CHAIRMAN: Q. You mean an increase in wages? A. An increase in price lists.

Q. What is a price list? A. The basis of pay.

Q. The scale of pay. Yes; were you an officer of the organization? A. Yes, my last, I was president of this particular branch.

BY MR. BRADBURY: Q. What is the point you have been with the employer? A. We asked -

our object was to work in cooperation with the company to make plant adjustments to make conditions better. We were succeeding. Before the organization of this branch they stated repeatedly they would never put up the price list.

Q. Just a minute, who was speaking for the employer, the company? A. The foreman was asked--

Q. What is the name of the foreman?
A. Charles Montgomery.

Q. Is he a member of the executive or just a foreman? A. He is just a foreman, departmental foreman.

Q. Did you take up the matter with any of the executive, the president or vice-president or manager of the company? A. Not before organization.

Q. But after you had been organized?
A. After we organized I took the matter up myself with the superintendent and asked him if he would post the price list in all piece working departments.

Q. Would you state the name of the superintendent?
A. Mr. J.H. Cunningham.

Q. So your particular demand to Mr. Cunningham was to post a list of prices of work?
A. It was not a demand, sir, it was a request.

Q. To post a list? A. To post the price list in all piece working departments.

Q. You had no list of piece work?
A. No.

our object was to work in cooperation with the company to make plant adjustments to make conditions better.

Q. Just a minute, who was speaking for the employer, the company?

A. The foreman was asked--

Q. What is the name of the foreman?

A. [illegible]

Q. Is he a member of the executive or just a foreman?

A. He is just a foreman.

Q. Did you take up the matter with any of the executive, the president or vice-president or manager of the company?

A. [illegible]

Q. But after you had been organized?

A. After we organized I took the matter up more f with the superintendent and asked him if he would post the price list in all piece working departments.

Q. Would you state the name of the superintendent?

A. Mr. J.H. Crunthem.

Q. Do your particular demand to Mr. Crunthem was to post a list of prices of work?

A. It was not a demand, sir. It was a request.

Q. To post a list? A. To post the price list in all piece working departments.

Q. You had no list of piece work?

A. No.

Q. Were you able by any means to make out--

A. We could not be sure.

Q. --the earnings you made for a week or a fortnight? A. We could not be sure of it.

Q. Then, what has been the reply of Mr. Cunningham to this demand? A. Mr. Cunningham replied to me that he would post the price list up in the piece working departments and he followed it some two weeks later by posting the price list in the weaving department. He failed to post the price list in any other department. Later I approached him for prices for the other piece working departments and I was told that the price list in those particular departments was only a temporary list and he could not post the price list up in those departments.

Q. As soon as the branch was formed in Campbellford did you start making demands?

A. We never made demands, sir, we made requests. We did ask for adjustments to be made. We argued to increase production, take off better production, also increase the earnings of the worker. That request--

BY THE COMMISSIONER: Q. Just a minute, you said increase the earnings of the worker; I thought you said you did not ask for wage increase?

A. This would be an adjustment, my lord, whereby they could increase production and thereby make more.

Q. An adjustment of what? A. An adjustment

Q. Have you made up any reason to meet your--

A. We could not be sure.

Q. --that condition you have had a great deal of inconvenience?

A. We could not be sure of it.

Q. Then, what has been the reply of Mr. Cunningham to this request?

Q. Mr. Commissioner explains to me that he would post the price list up in the place working departments and he followed it some two weeks later by posting the price list in the sewing department. He failed to post the price list in any other department. Later I approached him and I was told that the price list in those particular departments was only a temporary list and he could not post the price list up in those departments.

Q. As soon as the reason was learned in [illegible] why you stopped posting [illegible]

A. We have some records, sir, we took [illegible] to did ask for adjustments to be made. [illegible] a request to [illegible], that will better [illegible], also increase the earnings of the worker. That request--

BY THE COMMISSIONER: Q. Just a minute, you said increase the earnings of the worker; I [illegible] you only [illegible] the [illegible] increase?

A. This seems to be a misstatement. My lord, [illegible] they could increase [illegible] and [illegible]

in the way the work was run.

BY MR. BEAUREGARD: Q. What do you mean by that?

BY THE COMMISSIONER: Q. You mean a machine adjustment? A. No, the stock was very soft; it was soft texture. It was being put to such great tension it would not hold together. Therefore it was retarding production.

BY MR. BEAUREGARD: Q. Is that wool or cotton or what is it? A. It is woollen cloth, and they are paid down there at the rate of 1.65 mills per pick per yard. If you keep your loom running naturally you turn off more production and make more money.

Q. You are paid according to the production and the production is measured by the pick?
A. By the pick, yes.

Q. Go ahead, what were you going to say about the condition of the stock? A. The condition of the stock and great tension it was subject to, it retarded production. Well, in our conference we had adjustments made whereby the tension was eased up on this yarn, that it allowed it to go ahead--

BY THE COMMISSIONER: Q. Was that granted to you? A. Yes, my lord, that was granted and the proof that it worked is that every day before we got this concession the bad work would pile up quite high, possibly 25 to 30 pieces a day. It went for 8 weeks after this concession was granted, my lord, and we only had 3 pieces thrown out as inferior product.

BY MR. BEAUREGARD: Q. So that the request was granted; it was well founded according to you and was

in the way the work was run.

BY MR. BEAUDOUIN: Q. What do you mean by that?

BY THE CONSTRUCTION: Q. You mean a machine adjustment? A. No, the stock was very soft; it was soft texture. It was being put to such great tension it would not hold together. Therefore it was retaining moisture.

BY MR. BEAUDOUIN: Q. Is that wool or cotton or what is it? A. It is woollen cloth, and they are paid down there at the rate of 1.65 mills per pick per yard. If you keep your loom running nothing by you than if more production and make more money.

Q. You are paid less ding to the production and the production is measured by the clock?

A. By the pick, yes.

Q. Go ahead, what were you going to say about the condition of the stock? A. The condition of the stock and great tension it was subject to, it retarded production. Well, in our conference we had adjustments made whereby the tension was eased up on this yarn, that it allowed it to go ahead--

BY THE CONSTRUCTION: Q. Was that granted to you? A. Yes, my Lord, that was granted and the proof that it worked is that every day before we got this concession the bad work would pile up quite high, possibly 25 to 30 pieces a day. It went for 2 weeks after this concession was granted, my Lord, and we only had 5 pieces thrown out as inferior product.

BY M. BEAUDOUIN: Q. So that the request was

granted? A. Yes.

Q. Would you state what you know of the load of the worker? Were you speaking of a weaver a minute ago? A. Yes.

Q. How many looms are they running?
A. At that time there would be approximately 75 looms running.

Q. How many looms per worker? A. It varies now; at this particular time of the year it is generally considered a two loom job. The tweeds come along, the light tweeds, at this particular time of the year and it is considered a two loom job.

BY THE COMMISSIONER: Two looms to a man?
A. Two looms per worker, yes. Later on, in the summer time they generally run heavy overcoatings, and that is a one loom job.

BY MR. BEAUREGARD: Q. It is reduced to one loom per man? A. In the summer time.

Q. How does the salary go on that; I mean, the basic rate, what is it? A. Well, on the one loom work you are paid at the rate of 2.8 mills per pick. On two loom work at the rate of 1.65 mills per pick.

(Page 8475 follows)

grown tea? A. Yes.

Q. Would you state what you know of the load of the workers? Were you speaking of a worker a minute ago? A. Yes.

Q. How many looms are they running?

A. At that time there could be approximately 15 looms running.

Q. How many looms per worker? A. 15 varies; at this particular time of the year is generally considered a two loom job. The weeks come along, the light weeks, at this particular time of the year and it is considered a two loom job.

BY THE COMMISSIONER: Two looms to a man?

A. Two looms per worker, yes. Later on, in the summer time they generally run heavy overcoatings, and that is a one loom job.

BY MR. [illegible]: Q. It is reduced to one loom per man? A. In the summer time.

Q. How does the machine go on that; I mean, the piece rate, what is it? A. Well, in the one loom work you are paid at the rate of 2.5 cents per pick. In two loom work at the rate of 1.25 cents per pick.

(Lunch hour adjourned)

Q. On the surmise better to work on two rings than one? A. Not always. In fact, you can make more on the one loom work than you can on the two.

Q. Would you explain if the rate is less? A. The rate is less on the two loom work. It is higher on the one loom but in order to make anything on two looms ---

Q. Those prices you have just quoted had been the rule? A. Those prices were fixed 1 st October.

Q. In October, 1935? A. With a reduction to that price list last October.

Q. You mean to say that before October last the rates were higher than that? A. Yes. One loom rate before that was 3.1.

THE COMMISSIONER: Q. Instead of what? A. 2.8.

MR. BEAUREGARD: Q. How long has it been 3.1? A. I am not quite sure on that point but I would say from 1932.

Q. Then 3.1 would have been the approximate rate, as you remember, since 1932? A. Up to last October.

Q. Could you tell the Court what the rate was previous to this one, 3.1? A. I cannot recollect it.

BY THE COMMISSIONER: Q. Was it higher or lower? A. It was higher, my lord. There was a general

Q. Is the summing better to work on two looms than one? A. Not always. In fact, you can make more on the one loom work than you can on two.

Q. Could you explain if the rate is lower?

A. The rate is less on the two loom work. It is higher on the one loom but in order to make anything on two looms ---

Q. Those prices you have just quoted had been the rule? A. Those prices were fixed I at October.

Q. In October, 1929? A. With a reduction to that price list last October.

Q. You seem to say that before October last the rates were higher than that? A. Yes. One loom rate before that was 3.1.

THE CHAIRMAN: Q. Instead of what?

A. 2.8.

MR. MACDONALD: Q. How long has it been 3.1?

A. I am not quite sure on that point but I would say from 1928.

Q. Then 3.1 would have been the quotation on rates as you remember, since 1929? A. Up to last October.

Q. Could you tell the Court what the rate was previous to this one, 3.1? A. I cannot recollect it.

BY THE CHAIRMAN: Q. Was it higher or lower?

A. It was higher. My loom ... There was a reduced

reduction in 1930, I believe it was, of 25% on two loom works. Either 1930 or somewhere about it, it might have been 1929.

MR. BEAUREGARD: Q. A reduction of about 25% ? A. Yes, on two-loom works.

Q. And in 1932 do you mean to say there was a further reduction? A. There was a gradual reduction from that time.

Q. Are you paid by the fortnight or by the week? A. By the week.

Q. What was the average wage of the worker by the week, that is say, in 1929 before the reduction that is spoken of? A. Well, I clearly remember on a particular grade of goods in 1928 where the weavers, by working over-time of course, by working until 9 o'clock at night for I believe it was five nights a week- it might not have been that many, maybe three nights a week.

Q. You mean, by workers working during the evening? A. Until nine o'clock. They were making $42 and $49 a week.

Q. This would be based on how many hours- ten hours a day? A. That would be 12 hours.

THE COMMISSIONER: Q. In all? A. 12 hours and 9 hours on Saturday.

MR. BEAUREGARD: Q. That would be five days of 12 hours, 60 hours, plus 9 hours on Saturday, which would be 69 hours-that would bring $42. to $49. ?

reduction in 1920, I believe it was, of 20% on two loom works. Either 1920 or somewhere about it, it might have been 1919.

MR. [illegible]: Q. A reduction of about 20%?

A. Yes, on two-loom works.

Q. And in 1923 do you mean to say there was a further reduction? A. There was a general reduction from that time.

Q. Are you paid by the fortnight or by the week?

A. By the week.

Q. [illegible] week of [illegible] by the week, that is say, in 1920 before the reduction that is spoken of? A. Well, I clearly remember on a particular grade of goods in 1920 where the weavers, by working over-time of course, by working until 9 o'clock at night for I believe it was five nights a week- it might not have been that many, maybe three nights a week.

Q. You mean, by workers working during the evening? A. Until nine o'clock. They were making $42 and $49 a week.

Q. This would be based on how many working-ten hours a day? A. That would be 12 hours.

[illegible] Q. In [illegible] hours and 9 hours on Saturday.

MR. [illegible]: Q. That would be five days of 12 hours, 60 hours, plus 9 hours on Saturday, which would be 69 hours-that would be [illegible]

A. Yes.

Q. And after the first reduction what would it have been? A. Immediately after that the rush was over, it was on a particular grade of goods that we have not been bothered with since, it is Bolitias, and the wages seemed to drop down around $30.00. That is for about the same number of hours.

Q. What would be the year? A. That would be around 1920 or 1930.

Q. And then coming to that gradual reduction of wages, what has become of that wage of $42 to $49- what is it now? A. Now it is very difficult to make $15.00.

THE COMMISSIONER: A week? A. Yes, sir.

Q. Working how many hours? A. Working 59 hours and 36 minutes.

MR. BEAUREGARD: Q. You mean with working 10 hours for 5 days plus 9 hours on Saturday?

A. Yes. The 36 minutes are made up by---

Q. What is that 36 minutes? A. It is made up by - they sound the last whistle at three minutes to and the majority of them are there to work three minutes to the hour.

Q. What is the type of looms there are in this shop? A. Crompton and Knowles, the old-type.

Q. That is the type of looms the workers operates, either one or two of them? A. Yes.

Q. Yes.

Q. And after the first recession when would it have been? A. Immediately after the first one ended, it was on a particular group of goods that we have not been bothered with since, it is holidays, and the hours seemed to drop down around 36.00. That is for about the same number of hours.

Q. What would be the year? A. That would be around 1930 or 1931.

Q. And then coming to that period I mentioned of years, what has become of that page of jobs to-what is it now? A. Now it is very difficult to make job.

Q. Is [illegible] a week? A. Yes, sir.

Q. Nothing has [illegible]? A. [illegible] hours and be [illegible].

Mr. [illegible]: Q. You mean with working 1[illegible] hours for 5 days plus a hours on a Saturday?

A. Yes. The 36 minutes are made up by---

Q. What is [illegible]? A. It is made up by - they sound one line matrix at three minutes to and the [illegible] of [illegible] work three minutes to the hour.

Q. What is the type of [illegible] time in this shop? A. [illegible] [illegible].

Q. What is the type of [illegible] [illegible]?

Q. In heavy yarns how many looms does one man operate? A. Well, at one time they never used to run anything under one and three-quarter run on two looms but now they have got it down to one and three-eighths run. That is fairly heavy yarn on two looms and almost impossible to keep two looms running on it. In some cases it is impossible to keep two looms.

Q. You consider that one loom is fair enough for a man? A. Yes.

Q. And then we should remember what you said as to the wages on one loom, is that correct? A. The wages on one loom?

Q. Yes? A. If he is running one loom and they consider the stock in that loom as a one-loom job they pay a one-loom price.

Q. But if he is working two looms? A. He gets paid two-loom price.

Q. Do you know of men working on one loom with two-loom rates? A. Yes, it has been done.

Q. As a rule or has it been done as an exception? A. It has been done on many many occasions. Sometimes it is the general rule that he is asked to run one loom on two-loom price.

BY THE COMMISSIONER: Q. That is an a lower price? A. Yes, my lord.

Q. This would be about half price? A. It would reduce him to 1.65 mills a pick.

Q. In heavy yarns how many looms does one man operate? A. Well, at one time they never used to run anything under one and three-quarter run on two looms but now they have got it down to one and three-eighths run. That is fairly heavy yarn on two looms and almost impossible to keep two looms running on it. I mean when it is impossible to keep two looms.

Q. You consider that one loom is fair enough for a man? A. Yes.

Q. And then we should remember what you said as to the wages on one loom, is that correct?

A. The wages on one loom?

Q. Yes? A. If he is running one loom and they consider the work is that loom as a one-loom job they pay a one-loom price.

Q. But if he is working two looms? A. He gets the two-loom price.

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Q. As a rule or has it been done as an exception?

A. It has been done on many many occasions. Sometimes it is the general rule that he is asked to run one loom on two-loom price.

BY THE CHAIRMAN: Q. That is on a lower price?

A. Yes, on lower.

Q. This would be about half price? A. It

Q. Instead of what? A. Instead of 2.8.

MR. BEAUREGARD: Q. Has the superintendent of the Company recognized union in some shape or form? A. Never did.

Q. How can you say that? A. Told me on one occasion that it was more than his job was worth to recognize the Association.

THE COMMISSIONER: Q. Who told you that? A. The Superintendent.

Q. What is his name? A. Mr. Cunningham.

Q. The same man? A. Yes, sir.

MR. BEAUREGARD: Q. Did he give any reason why? A. Would not give other than that, that it was more than his job was worth. The Campbellford Company is a subsidiary of the Barrymore Cloth Company.

Q. Where is the Barrymore Cloth Company? A. It is in Toronto.

Q. Will you state that some of the workers of the mill are on relief? A. Occasionally some of them have had to apply for a small measure of relief.

Q. Is there a regular system of relief in your place? A. Yes, sir.

Q. And you say that some of the workers --- A. Some of the workers occasionally have asked for small relief.

Q. Occasionally, how many times? A. Iknow two occasions.

Q. Interest of Hunt? A. Interest of S.S.

MR. BRADDERSHAW: Q. Was the supervisor of the Company recognized union in some shape or form? A. Never did.

Q. How can you say that? A. Told me on one occasion that it was more than his job was worth to recognize the association.

THE COMMISSIONER: Q. Who told you that?

A. The Superintendent.

Q. What is his name? A. Mr. Cunningham.

Q. The same man? A. Yes, sir.

MR. BRADDERSHAW: Q. Did he give any reason why? A. Would not give other than that, that it was more than his job was worth. The Campbellford Company is a subsidiary of the Barrymore Cloth Company.

Q. Where is the Barrymore Cloth Company?

A. It is in Toronto.

Q. Will you state that some of the workers of the mill are on relief? A. One already some of them have had to apply for a small measure of relief.

Q. Is there a regular system of relief in your plant? A. Yes, sir.

Q. And you say that some of the workers --- A. Some of the workers occasionally have asked for small relief.

Q. Personally, you are Secretary ... [illegible]

Q. Had they been working? A. Yes, they had been working but the slack time came and they had not had very much and possibly had to go to the relief office to get assistance in a little bit of fuel in the winter-time.

Q. Was this brought to the attention of the Superintendent? A. The superintendent got to know about it anyway and he called these particular people in and he told them if they did it again they would be discharged.

MR. KELLOCK: Q. Were you there?

MR. BEAUREGARD: Q. Do you know that personally yourself? A. I can submit the names of the people.

Q. You can give the names of the people who were on relief? A. Yes, sir.

Q. Would you mention the names of those persons? A. Maurice Runions.

BY THE COMMISSIONER: Q. Is he still working in the factory? A. Not at the present time, my lord.

BY MM. BEAUREGARD: Q. Anyone else? A. I know of another case but I am afraid, I would rather not mention it because it would be difficult for me to prove , while I feel assured myself of the case.

THE COMMISSIONER: Q. Well, you can tell Mr. Beauregard who it is later on outside. He will subpoena the man.

Q. Had they been working? A. Yes, they had been working but the slack time came and they not had very much and probably had to go to the relief office to get assistance in a little bit of fuel in the winter-time.

Q. Was this brought to the attention of the superintendent? A. The superintendent got to know about it anyway and he called these particular people in and who told them if they did it again they would be discharged.

MR. LAMBERT: Q. Were you there?

MR. BLUNDERFORD: Q. Do you know that personally yourself? A. I can submit the names of the people.

Q. You can give the names of the people who were on relief? A. Yes, sir.

Q. Would you mention the names of those

[illegible] - [illegible].

BY THE COMMISSIONER: Q. If he will mention in the history? A. Not at the present time, my lord.

BY MR. BLUNDERFORD: Q. Anyone else? A. I know of another case but I am afraid, I would rather not mention it because it would be difficult for me to prove, while I feel assured myself of the case.

THE COMMISSIONER: Q. Well, you can tell Mr. [illegible] who it is later on outside. He will

MR. BEAUREGARD: Q. You stated that you were paid by the week. Are you paid by way of cheque or cash? A. In cash.

Q. Is that contained in an envelope? A. Yes.

Q. With your name or number? A. Name and number on.

Q. Do you know of any penalty for bad work? A. No penalty for bad work.

Q. No deduction of any kind? A. No.

Q. I understand you are not now working for the firm - when did you resign? A. I was discharged on the 27th of June.

Q. Could you tell the Court why? A. Well, the only reason that I can see that I happened to be president of this particular branch of this Association.

Q. Since how long were you president of this branch? A. Since its formation in January.

Q. Who dismissed you, the Superintendent or whom? A. The Superintendent.

Q. Mr. Cunningham? A. Yes.

Q. Were you called on that day to his office or were you dismissed right in the shop?
A. No, there were 22 --- there was a little bit of trouble arose there, possibly I had better explain it. Well, I will have to go back to two weeks before the 27th of June. The parent body of the Association requested me to organize Peterborough, with

MR. BRADSHAW: Q. You stated that you were paid by the week. Are you paid by any [illegible] or cash? A. In cash.

Q. Is that contained in an envelope? A. Yes.

Q. With your name or number? A. Name and number on.

Q. Do you know of any penalty for bad work? A. No penalty for bad work.

Q. No deduction of any kind? A. No.

Q. I understand you s o not now working for the firm - when did you resign? A. I was discharged on the 4th of June.

Q. Could you tell the Court why? A. Well, the only reason that I can see that I happened to be president of this particular branch of this association.

Q. Since how long were you president of this association? A. Since the formation in January.

Q. Who dismissed you, the superintendent or whom? A. The superintendent.

Q. Mr. Cunningham? A. Yes.

Q. Were you called on that day to his office or were you dismissed right in the shop? A. No, there were MR --- there was a little bit of trouble arose there, possibly I had better explain it. Mr. I will have to go back to two weeks before the 7th of June. The general body of the association requested me to organize a strike. With

me being so close to Peterborough.

BY THE COMMISSIONER: Q. What is there in Peterborough? A. There is a mill of the Dominion Woollens and Worsted.

MR. BEAUREGARD: Q. That is down next to you? A. 35 miles away. I organize Peterborough and the minute I organize Peterborough pressure seemed to be applied on us in Campbellford.

BY THE COMMISSIONER: Q. Please tell us what you mean by "pressure was applied"? A. The officers of this Association were being watched every minute.

Q. Yourself included? A. Yes, although I will say so far as myself goes nothing was said to me but if anybody tried to pass the time of day or anything they were there on the jump on them.

MR. BEAUREGARD: Q. You mean they were dismissed? A. No, they were not dismissed but they were told to watch their work, never mind bothering talking to anybody. In one particular case a man happened to meet me right shoulder to shoulder and he said, "How is it going?" and they were right on him.

Q. Who was? A. The foreman.

Q. This was a short conversation in the shop? A. Yes.

Q. Then would you come back to the date on which you were dismissed - how was it done? A. Well, I go on then over that period of two weeks and then on the 25th day of June it was our custom to collect

of Sales on Lake St. Clair?

BY THE COMMISSIONER: Q. That is where is Peterborough? A. There is a mill of the Dominion Woollens and Worsted.

MR. MACDONALD: Q. That is down near to you? A. 35 miles away. I organize Peterborough and the minute I organize Peterborough pressure seemed to be applied on us in Campbellford.

BY THE COMMISSIONER: Q. Please tell us what you mean by "pressure was applied"? A. The officers of this association were being watched every minute.

Further Indeed - Yes, Mr. Chairman

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THE WAY - Mr. Pressman.

Q. This was a short conversation in the shop? A. Yes.

Q. Then would you come back to the date on which you were dismissed - Yes, you [illegible]

I go on from over that period of two weeks and then

our weekly dues on pay-day and the secretary was in the act of collecting the dues.

BY THE COMMISSIONER: Q. Who is the secretary? A. Mr. Melvin Booth and the foreman came up behind him and took the membership card out of his hand- the actual transaction was going on between a member and him, and he reached over his shoulder and took the card right out of his hand.

MR. KELLOCK: Q. Did you see it? A. I never saw it, it was reported to me.

BY THE COMMISSIONER: Q. Who is the foreman? A. Mr. Charles Montgomery.

MR. BEAUREGARD: Q. What is the address of this Secretary? A. Campbellford, Ontario.

THE COMMISSIONER: Q. Is he still working in the mill? A. No, he was discharged too.

MR. BEAUREGARD: Q. Can you give his first name? A. Melvin Booth.

Q. Do you know how long this secretary had been working in that mill? A. I should say - well, it was in excess of 12 years, I was going to say 15 years but I am not sure.

Q. In what capacity was he working? A. He was a weaver.

Q. Yourself, you had been working how many years? A. 26 years.

Q. I mean, you said periodically? A. Well, I was away.

our weekly dues on pay-day and the secretary was in the act of collecting the dues.

BY THE COMMISSIONER: Q. Who is the secretary? A. Mr. Melvin Booth was the foreman came up behind him and took the membership card out of his hand - the actual transaction was going on between a member and him, and he reached over his shoulder and took the card right out of his hand.

Q. Definitely - did you see it? - A. I never saw it, it was reported to me.

BY THE COMMISSIONER: Q. Who is the foreman? A. Mr. Charles Morgenroy.

MR. MACDONALD: Q. What is the address of this company? - A. Queenstown, Ontario.

MR. COMMISSIONER: Q. Is he still working in the mill? - A. No, he was discharged too.

MR. MACDONALD: Q. Can you give his first name? - A. Melvin Booth.

Q. Do you know how long this secretary had been working in that mill? - A. I should say - well, it was in excess of 12 years, I was going to say 15 years but I do not know.

Q. In what capacity was he working? - A. He was a foreman.

Q. Foreman? You had been working for many years? A. Oh years.

Q. I mean, you said periodically? - A. Well, I was away.

MR.McRUER: He was away overseas for four and a half years.

BY THE COMMISSIONER: Q. You mean in the war? A. Yes.

MR. McRUER: 15 years continuously in this job.

MR. BEAUREGARD: Q. You mean you were 26 years, counting --- A? Oh, in excess of 15 years.

BY THE COMMISSIONER: Q. 15 years after the war, you mean? A. It will be 15 years for this particular company, 14 or 15 years.

Q. MR.BEAUREGARD: Q. Had you been approached on anything as to your work before you were dismissed? A. Oh, everybody gets that quite often.

Q. Had you been threatened to be dismissed on account of your work? A. I was once soon after organization.

Q. Soon after the organization was started? A. Yes.

BY THE COMMISSIONER: Q. You mean the organization of your labour unions? A. Yes.

Q. What was the threat? A. Well, there was two threats. They threatened us immediately -- well, two days after the organization, said we were Reds and Communists.

MR. KELLOCK: Q. Who said this? A. The Superintendent, he accused us of our Association, not us personally but he accused our Association of distributing communistic literature.

Mr. Lyon: He was away overseas for four and a half years.

BY MR. CONNELLY, Q.C.: Q. You mean in the army? A. Yes.

Mr. Lyon: 15 years continuously in this job.

MR. BOUDREAU: Q. You mean you were 15 years, something --- 47 Oh, in excess of 15 years.

BY MR. CONNELLY, Q.C.: Q. 15 years after the war, you mean? A. It will be 15 years for this particular company, 14 or 15 years.

Q. MR. BOUDREAU: Q. Had you been approached on anything as to your work before you were dismissed? A. Oh, everybody gets that quite often.

Q. Had you been threatened to be dismissed on account of your work? A. I was once soon after [illegible].

Q. [illegible] by [illegible]?

A. Yes.

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MR. DUPLESSIS: Q. Who said that?

A. The superintendent, he accused us of our association, not us personally but he accused our association of [illegible].

MR. BEAUREGARD: Q. Was there any truthin that? A. No.

Q. Did you tell him there was no truth in that? A. I did.

Q. Any answer on his behalf? A. Well, his attitude was that he knew more about it than I did and he also said that we would be discharged and we would be blacklisted throughout the trade.

Q. This would mean what for you? A. That we could not get any further work in the woollen trade.

Q. In any other job? A. That is the way we interpreted it.

Q. How long has this man been superintendent? A. How long has he been there?

Q. How long has he been superintendent? A. Been there about, I should say, seven years.

Q. Were you dismissed by this Mr. Cunningham? A. Yes. I did not finish my story. On the 25th day of June, after this membership card was taken away from the Secretary, I asked for a conference with the Superintendent about 3.50 in the afternoon with the object of rectifying some of the conditions. One of the conditions that we thought we should discuss with him was he was advertising in Toronto papers for skilled help and there was skilled help walking around in the town of Cambellford and we just wanted to approach him with the request that he try and place some of these local weavers, but he would only place

MR. DEAUDEGRAND: Q. Was there any truthin
his story? A. No.

Q. Did you tell him there was a truth in story?
A. I did.

Q. Any answer on his behalf? A. Well, his attitude was that he knew more about it than I did and he also said that we would be discharged and we would be blacklisted throughout the trade.

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one and he immediately told Booth that his case was up before the Hayes in Toronto, and if the Hayes telephoned down in the morning and told him to discharge Booth why he would have to discharge him.

Q. What does that mean? A. The Head Office in Toronto.

Q. And as for yourself what became of you? A. Well, we went on, we discussed other matters that afternoon but he was very arrogant, would not listen, never gave us--- Well, he did grant us one concession. these women were working over-time and it was very hot at that particular time and a lot of those women have their housework to do at the end of the week and they thought that they should at least have Saturday afternoon in order to do their work and I asked the Superintendent how long the overtime was going to last. He says "I don't know, it might last until January for all I know." He says, "Toronto is working night and day." I said, "Toronto is not working Saturday afternoons," and he said "I did not ask you to work Saturday afternoons." The following day he puts a notice up in the weaving department that this department will work the following afternoon, that is Saturday afternoon, and at a duly constituted meeting of this branch the people themselves passed a resolution that they would not work on Saturday afternoons. They took the agreement tacked up on the wall as sufficient protection---

one and he immediately told Keith that his case was up before the Mayor in Toronto, and if the Mayor telephoned down in the morning and told him to discharge Keith why he would have to discharge him.

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. And as for Kennedy what became of you?

A. Well, we went on, we discussed other matters that afternoon but he was very arrogant, would not listen, never gave us--- Well, he did grant us one concession. These women were working over-time and it was very hot at that particular time and a lot of those women have their housework to do at the end of the week and they thought that they should at least have Saturday afternoon in order to do their work and I asked the Superintendent how long the overtime was going to last. He says "I don't know, it might last until January for all I know." He says, "Toronto is working night and day." I said, "Toronto is not working Saturday afternoons," and he said "I did not ask you to work Saturday afternoons." The following day he put a notice up in the waiting room that this department will work the following Saturday, that is January afternoon, and at a duly constituted meeting of this union the people themselves passed a resolution that they would not work on Saturday afternoons. They took the agreement tacked up on the wall as sufficient protection---

BY THE COMMISSIONER: Q. What agreement? A. There is an agreement tacked up on the wall down there that states the hours of the plant is 50 hours a week. They had already worked 55 hours.

MR. BEAUREGARD: Q. Are we ~~are~~ on the same date now? You started to say on that date first there was trouble with your secretary and then you went to the office of the Superintendent and there you discussed the question of overtime with the women? A. Well, we asked for it generally but the men were discussing it in the interests of the women. We realise that there is no protection for a man.

Q. How was it concluded -- A. On the 27th when we came, naturally when some of them refused to wrk on Saturday afternoons--

THE COMMISSIONER: Q. Was that the 27th? A. Yes. June 25th, was Thursday afternoon and on the 27th these people, 22 of them stayed out and naturally I felt it my duty to stay with them, and on Monday morning they all went to work but they were locked out, would not let them into work.

BY THE COMMISSIONER: Q. Did that include you? A. Yes.

Q. That was the way you were dismissed? A. Yes, that is the way I was dismissed. They have taken thirteen back and they left nine out.

BY MR. BEAUREGARD: Q. Since then did you ask for employment with them? A. Oh, I have been

BY THE COMMISSIONER: Q. What agreement?

A. There is an agreement tacked up on the wall down there that states the hours of the plant is 50 hours a week. They had already worked 55 hours.

Mr. McDONALD: Q. Are we are on the same date now? You started to say on that date first there was trouble with your secretary and then you went to the office of the superintendent and there you discussed the question of overtime with the women?

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A. Yes.

Q. That was the way you were dismissed? A. Yes, that is the way I was dismissed. They have taken thirteen back and they left nine out.

BY Mr. McDONALD: Q. Since then did you ask

given to understand that there is no employment for me and never will be.

Q. Given to understand by whom? A. By the superintendent.

Q. Could you state the words he used? A. Well, I look at it this way - that I would lay very quiet and try and get everybody back to work that I could. I considered it my duty to be the last man to go back in and therefore I did not approach him until I was sure that he had taken in everybody that he was going to take in.

. Are you a married man?

BY THE COMMISSIONER: Q. Did you approach him then? A. Yes, I approached him both directly and indirectly, and he said - both the foreman and superintendent said there will never be any work for my wife or I there again or any of the other officers.

Q. What hasbecome of the Association, the organization? A. Broken.

Q. What do you mean by broken? A. It is not in existence now, just stopped.

MR.BEAUREGARD: Q. How many workers were in the executive of your Association? A. In the executive?

Q. Yes? A. There was President, vice-president, secretary and treasurer and one spinning-room delegate.

given to understand that there is no employment for me and never will be.

Q. Given to understand by whom? A. By the superintendent.

Q. Could you locate the words as nearly?

A. Well, I look at it this way - that I would lay very quiet and try and get everybody back to work that I could. I considered it my duty to be the last man to go back in and therefore I did not approach him until I was sure that he had taken in everybody that he was going to take in.

Q. Are you a married man?

BY THE CHAIRMAN: Q. Did you approach him then? A. Yes, I approached him both directly and indirectly, and he said - both the foreman and superintendent said there will never be any work for my wife or I there again or any of the other officers.

Q. What happens of the reconciliation, the [illegible]?

Q. What do you mean by unknown? A. It is not in existence now, just always.

BY MR. MACDONALD: Q. How many workers are in the executive of the [illegible] executive?

A. [illegible] probably [illegible] secretary and treasurer and the [illegible]-

Q. I understand that you were the president - who was the vice-president? A. Clinton McComb, he was a spinner. He was not affected in this, he is still working.

Q. And then you had a secretary? A. He is a weaver and he is out.

Q. Has not been taken back? A. No, and the Treasurer is also out.

Q. Still out? A. Yes, sir.

Q. Has not gone back to work? A. No.

Q. Did he apply? A. Yes.

Q. Is he an employee of some experience? A. Considerable experience.

Q. How many years? A. At least 15.

Q. Outside of the delegate of the spinners, none of the officers, as far as I see, have gone back to work? A. None of them or any of their close associates.

Q. What has become of this organization - you say it is broke? A. It is not in existence as far as Branch No. 2 is concerned.

Q. You had no more meetings, is that what you mean? A. Yes.

Q. You do not collect any more the dues? A. No.

Q. You consider it does not exist any more, it does not act? A. No.

Q. Takes no action of any sort? A. No.

Q. I understand that you were the president - who was the vice-president? A. Hilton McCo[illegible], he was a spinner. He was not affected in this, he is still working.

Q. And then you had a secretary? A. He is a weaver and he is out.

Q. Has not been taken back? A. No, and the Treasurer is also out.

Q. Still out? A. Yes, sir.

Q. Has not gone back to work? A. No.

Q. Did he apply? A. Yes.

Q. Is he an employee of some experience? A. Considerable experience.

Q. How many years? A. At least 18.

Q. Outside of the delegate of the spinners, none of the officers, as far as I see, have gone back to work? A. None of them or any of their close associates.

Q. What has become of this organization - you say it is broken? A. It is not in existence as far as Branch No. 2 is concerned.

Q. You had no more meetings, is that what you mean? A. Yes.

Q. You do not collect any more the dues?

A. No.

Q. You consider it does not exist any more, it does not exist? A. No.

Q. Does no action of any sort? A. No.

CROSS-EXAMINATION BY MR. KELLOCK:

Q. You have told his Lordship about earning from $42 to $49 a week in 1928, I think you said?

A. I have made that myself.

Q. And that was during a rush time? A. Yes.

Q. And you worked as much as 69 hours a week?

A. Yes, sir.

Q. Before you started on this rush job how much did you make? A. We would not make as much as that.

Q. How much? A. Around $35., possibly a little better than that at times.

Q. For how many hours? A. ~~Four~~ For---

Q. For your normal day at that time? A. Well, we considered that we should make $35.00.

Q. I asked you what were your normal working hours at that time? A. 50 hours a week.

Q. 50 hours a week you made $35.00 a week?

A. Around that. We never got anywhere near the sum.

Q. Sometimes less than that? A. Sometimes less, sometimes more.

Q. How much less? A. I am speaking personally.

MR. McRUER: We have his payrolls.

MR. KELLOCK: Q. I am asking you how much less?

A. I am speaking personally, I would possibly sometimes go down as low as, with bad work, I would go down to $24.00.

Q. What do you mean by bad work, - when there was

Q. You have told his Lordship about earning from $40 to $45 a week in 1928, I think you said?

A. I have made that speech.

Q. And that was during a rush time? A. Yes.

Q. And you worked as much as 60 hours a week?

A. Yes, Sir.

Q. Before you started on this rush job how much did you make? A. We could not make as much as this.

Q. How much? A. Around $40, possibly a little better than that at times.

Q. You have said [illegible]

Q. For your normal day at that time? A. Well, considered that we should make $40.00.

Q. I asked you what were your normal working hours at that time? A. 50 hours a week.

Q. 50 hours a week you made $40.00 a week?

A. [illegible]

Q. Something less than that?

A. [illegible]

Q. How much less? A. I am speaking personally.

MR. MOLINA: We have his payrolls.

MR. [illegible]: Q. I am asking you how much less?

A. I am speaking personally, I would pose (?) [illegible] so down as low as, with bad work, I would go down to [illegible]

Q. [illegible]

not enough work to do? A. No, the work would not just run, you could not pick up the production.

Q. What do you mean "bad work"? A. Bad work, where you are prevented from taking off production. It just won't run.

Q. You mean on account of the goods you are using, different quality of goods? A. Low grade of yarn practically all the time, naturally taking up time, your machine is stopped taking up ends, &c.

Q. That would not help the factory very much to supply the workers with such a grade of yarn they would lose the yarn if broken? A. I cannot make a statement on that.

Q. Now, you said you never asked for an increase in your piece rates, that is true? A. Absolutely.

Q. So we can take it you were always satisfied with the piece rates? A. No.

Q. Then you were dissatisfied but you did not register your dissatisfaction in any way? A. We met to consider this.

Q. No, I am just asking you, is that the fact- you say you were dissatisfied but you never told anybody you were dissatisfied.

THE COMMISSIONER: That he told us awhile ago, that they had no means of following what they were earning, nothing was posted up.

MR. MELLOCK: He said in some department.

THE COMMISSIONER: Talking of the Weaving Department

not enough work to do? A. No, the work would not just run, you could not pick up the production.

Q. What do you mean "bad work"? A. Bad work where you are prevented from taking off production.

Q. You mean on account of the grade you are using, different quality of grades? A. Low grade of yarn practically all the time, naturally taking up time, your machine is stopped making up ends, etc.

Q. That would not help the factory very much to supply the workers with such a grade of yarn that would keep you from working? A. [illegible] a reasonable [illegible].

Q. Now, you said you never asked for an increase in your piece rates, that is true? A. Personally.

Q. So to can take it you were always satisfied with the piece rates? A. No.

Q. Then you were dissatisfied but you did not register your dissatisfaction in any way? A. No [illegible].

Q. No, I am just asking you, is that the fact- you say you were dissatisfied but you never told anybody you were dissatisfied.

Mr. [illegible]: That he told me [illegible], that they had no means of following what they were [illegible].

Mr. ROBLOCK: He said in some conversation.

MR. KELLOCK: No, it was posted in the weaving department.

THE COMMISSIONER: It was posted in the weaving department after they organized and got the superintendent to do it, he said before that he refused.

THE WITNESS: The foreman told us that they would never post price list.

MR. KELLOCK: Q. What I am asking is have you ever complained. I understood you to say you never complained of the piece work rates, is that a fact? A. No, never did.

THE COMMISSIONER: Not even after they were organized?

MR. KELLOCK: Q. At any time? A. No.

Q. Now, when you asked for a pay did you have any system of keeping track of what you did, how much work? A. Yes, we could check our yardage.

Q. You knew how much that was worth to you at the end of each day? A. Am I to answer that after organization or before?

Q. I would like it before? A. Before organization, not in every case would we know what that would be worth to us.

Q. Why? A. Because on some particular grades we were not sure what rate they were paying.

Q. Could not you go to the foreman and ask him what the piece-rate was? Why could not you do that if you were not sure? A. In some cases he did

Mr. KELLOCK: No, it was posted in the waiting department.

The COMMISSIONER: It was posted in the waiting department after they organized and got the superintendent to do it, he said before that he refused.

The WITNESS: The foreman told us that they would never post price list.

Mr. KELLOCK: Q. Just I am asking is have you ever ever complained. I understood you to say you never complained of the piece work rates, is that a fact? A. No, never did.

The COMMISSIONER: Not even after they were organized?

Mr. KELLOCK: Q. At any time? A. No.

Q. Now, when you asked for a pay did you have any system of keeping track of what you did, how much work? A. Yes, we could check our vouchers.

Q. You knew how much that was worth to you at the end of each day? A. Am I to answer that after organization or before?

Q. I would like it before? A. Before organization, not in every case would we know what that would be worth to us.

Q. Why? A. Because we were [illegible] grades we were not sure what is o they were paying.

Q. Could not you go to the foreman and ask him what the piece-rate was? Why could not you do that if you were not sure? A. In some cases we did

not seem to know.

Q. Did you ever do that and he was not able to tell you? A. Yes.

Q. How often? A. Oh, I could not recollect how often but it has happened at least twice, I will say.

Q. And if the foreman could not tell you could not you go into the office and ask? A. Oh, it is like the army you have to approach the office through the Sergeant.

Q. I am asking youif the foreman could not tell you could not you go to the office? I want to find out how serious you are? A. We could ask the foreman to go to the office and find out.

Q. And on the occasion that you spoke to him and he could not tell you, did you ask him to go to the office and find out? A. Yes, sir.

Q. Did he go? A. Yes, sir.

Q. So what was your experience would be the experience of anybody else who wanted to ask? A. Yes.

Q. I want to get this from you: You spoke something about looms and style of looms that the company used. Was there any improvement in the style of looms at any time that you know of? A. Never in my time.

Q. Then you spoke of some occasions when a man working on one look would be paid at the two loom job

rate, do you remember that? A. It has been done.

Q. Now, is not this the fact that at the time that that was done that was done when the work was slack and it was an effort to spread out the employment - instead of giving two looms to one man they put two men at single loom, is not that right? A. No.

Q. You do not agree with that? A. No.

Q. Can you give me any instances as to when, so that I can check up what you say, when you say this practice was followed - can you help me on that? A. It has been practised .

Q. I did not ask you that. I asked you if you could give me any instances that I can go and look up? A. Yes.

Q. All right, let me have them? A. Am I to name them?

Q. Yes, that is what I want. I want the facts, please. A. Harry Ayrhart.

Q. And when was this? A. A year ago last spring.

Q. That would be 1935, - what month? A. Oh, I cannot recollect the month.

Q. And how many days did that continue in Ayrhart's case? A. I am not prepared to say, I cannot recollect these things.

Q. Was it more than one day? A. Yes, sir.

Q. Was it more than a week? A. I am not

[illegible]

[illegible] do you remember that? A. It has been [illegible].

[illegible]. Now, is not this the first time at the time that this was done that you took down the [illegible] clock and it was a effort to spread out the [illegible] ment - instead of giving two looms to one man they put two men at single looms, is that more right?

A. No.

[illegible]. You do not agree with that? A. No.

[illegible]. Can you give me any instance or to [illegible] so that I can speak up what you say, when you [illegible] this studies you finished - can you help me on that?

A. It has been proved and [illegible].

[illegible]. I did not ask you that. I mean if you could give me any instance that I can go and look up [illegible].

A. All right, let me have that. A. [illegible] to [illegible] [illegible]

A. That is what I meant. I [illegible] [illegible]

[illegible]. [illegible].

[illegible]. [illegible] A. [illegible] ago [illegible].

[illegible]. That would be [illegible] - what month?

A. Oh, I cannot recollect the month.

[illegible]. And now they was did that [illegible] in [illegible]'s [illegible]. A. I am not prepared to say, [illegible] remember [illegible].

[illegible]. [illegible] A. [illegible].

going to try and state the days or anything, I cannot do it. I cannot watch 75 weavers.

Q. Exactly, you are making a lot of general statements and I want to know what they are based on. Can you give me any one else than Ayrhart?

THE COMMISSIONER: What is the point about Ayrhart?

MR. KELLOCK: He said Ayrhart was set to work at a single loom and paid at two-loom rate, the single loom-rate being the higher, as the witness said? A. I have done it myself.

Q. When was that - you ought to know when that was A. That happened so often I cannot.

Q. Just give me once, I will be satisfied with one instance? A. Put me down about the same time.

Q. Can you give me the month for that?
A. I cannot give you the month.

Q. How long did it last in your case? A. I can come down to better figures than those. At recent as either January or February, I cannot state the month exactly.

Q. What kind of cloth were you working on?

THE COMMISSIONER: Q. As recent as what?
A. As recent as January or February, 1936.

MR. KELLOCK: Q. And what kind of cloth were you working on then? A. Tweeds.

Q. Now, can you tell his lordship the reason why that was done in your case -- do you know why that was done? A. I don't know.

[illegible] Examination

going to try and above two days or daytime, I cannot do it. I cannot accept to weavers.

Q. Actually, you are making a lot of gain [illegible] and I want to know what they are [illegible] can you give me any one else than anywhere?

THE COMMISSIONER: That is the point [illegible] by [illegible]

MR. [illegible]: He said anyhow was set to work at a single loom and paid at two-loom rate, the single loom-rate being the higher, as the witness said? A. I have done it myself.

Q. Then was that - you ought to know that [illegible] that happened to other I cannot.

Q. Just give to me, I will be satisfied with one instance? Q. Tell me about one same time.

Q. Can you give me one month for that?

A. I cannot give you the month.

Q. How long did it last in your case? A. I was come down to better figures than those. In recent as either January or February, I cannot [illegible] month exactly.

Q. What kind of cloth were you working on?

THE COMMISSIONER: Q. In recent as [illegible]

A. In recent as January or February, 1948.

MR. [illegible]: Q. And what kind of cloth were you working on then? A. Tweeds.

Q. Now, can you tell me honestly how [illegible] my [illegible] was done in your case -- do you know [illegible] — I don't know.

Q. Did you complain to anybody? A. Yes.

Q. Who? A. The Foreman.

Q. Is that Montgomery? A. Yes, sir.

Q. Anything done about it? A. We were told if we did not want to run one look to go home and wait until we got another one, to pair up.

Q. So that the situation was when that happened that there were not two looms available that could be run - now, is not that the story? A. I don't agree with it.

Q. You said that occasionally some of the workers had to apply for relief. Now, was that at the time they were working in the mill and drawing pay from the mill? A. Yes.

Q. Do you know this yourself? A. I do.

Q. Of your own personal knowledge? A. Yes.

Q. And then you will know whether they advised the relief authorities that they were drawing pay from the mill when they were getting relief - do you know that? A. Who advised the relief authorities?

Q. I am asking you whether you knowwhen these people that you say were getting relief at the time they were being paid by the mill advised the relief authorities they were being paid by the mill?
A. I cannot answer the question.

Q. I will make it as simple as I can. My question is this: you say you know of some workers who occasionally - I will take it this was not a

Q. Did you complain to anybody? A. Yes.

Q. And [illegible] Yes [illegible].

Q. Is that Montgomery? A. Yes, sir.

Q. Anything done about it? A. We were told if we did not want to run we look to go home and wait until we got another one, to pick up.

Q. So that the situation was when that happened that there were not two looms available that could be run - now, is not that the story? A. I don't agree with it.

Q. You said that occasionally some of the wpr ers had to apply for relief. Now, was that at the time they were working in the mill and drawing pay from the mill? A. Yes.

Q. Do you know this yourself? A. I do.

Q. Of your own personal knowledge? A. Yes.

Q. And then you will know whether they advised the relief authorities that they were drawing pay from the mill when they were getting relief - do you know that? A. Who advised the relief authorities?

Q. I am asking you whether you remember these people that you say were getting relief at the time they were being paid by the mill advised the relief authorities they were being paid by the mill?

A. I cannot answer the question.

Q. I will make it as simple as I can. My question is this: You say you know of some workers who occasionally - I will take it this was not a

general practice --when they were working in the mill and being paid by the mill, they were also on relief.

THE COMMISSIONER: He said they got a small measure of relief?

THE WITNESS: They got a small measure of relief.

MR. KELLOCK: Do you know whether they told, when they asked for a small measure of relief, told the relief authorities they were being paid in the mill - you evidently did not? A. I don't know the way you put the question.

BY THE COMMISSIONER: Q. These people went to the authorities of the Town or village and got a certain degree of relief? A. Yes, sir.

Q. Would they tell the town people that they were working at the mill at the same time?
A. I was not present.

Q. Do you know whether they got relief - do you know if they told the town they were also working at the mill? A. I could not say that because it is general knowledge anyway, everybody knows everybody else there, they know what they are doing.

MR. SCHWEN: Q. How big a place is Campbellford?
A. Approximately 2200.

MR. KELLOCK: Q. Since the 27th of June have you tried to get employment? A. Yes.

THE COMMISSIONER: Do you mean other employment?

MR. KELLOCK: Yes - in Campbellford?
A. Yes.

essential services — even the men were working in the mills and being paid by the mill, they were also on relief.

THE COMMISSIONER: He said they got a small measure of relief?

THE WITNESS: They got a small measure of relief.

MR. KELLOCK: Do you know whether they told, when they asked for a small measure of relief, that the relief authorities they were being paid in the mill - you evidently did not? A. I don't know the way you put the question.

BY THE COMMISSIONER: Q. These people went to the authorities of the town or village and got a certain degree of relief? A. Yes, sir.

Would they tell the town people that they were working at the mill at the same time?

A. I was not present.

Do you know whether they got relief - do you know if they told the town they were also working at the mill? A. I could not say that because it is general knowledge anyway, everybody knows everybody else there, they know what they are doing.

MR. MACDONALD: Q. How big a place is Campbellford?

A. approximately 2500.

MR. KELLOCK: Since the 27th of June have you tried to get employment? A. Yes.

THE COMMISSIONER: Do you mean other employment?

MR. MACDONALD: Yes - in Campbellford?

A. Yes.

Q. Is there another mill in Campbellford?

A. No.

Q. You have tried then for some other kind of work? A. Yes.

Q. Are you a weaver? A. Yes, sir.

Q. Have you applied for employment as a weaver? A. Yes, sir.

Q. Where? A. Peterborough.

Q. That is Dominion Woollens and Worsteds?

A. Yes, sir.

Q. When was that? A. I should say it was either six or seven weeks ago.

BY THE COMMISSIONER: Q. What happened there?

A. The foreman came out and he said, "No, no, no, if I had every loom empty and you worked for nothing I could not put any of you fellows from Campbellford to work."

MR. COLLICK: Q. He apparently knew something about you? A. Yes, certainly.

Q. Did you try any place else? A. No, I have not had the opportunity.

Q. Since the 27th of June you have tried at the one place at Peterborough and no place else?

A. No.

BY THE COMMISSIONER: Q. Did he tell you what was wrong with the Campbellford people? A. I said, "What is the matter Frank? Are we blacklisted?" and he said, "Oh no, no," he got very excited about

Q. Do you [illegible] be impertinent?

A. Yes.

Q. You have tried them for some other kind of [illegible]? A. Yes.

Q. Are you a [illegible]? A. Yes.

Q. Have you applied for employment as a [illegible]? A. Yes, sir.

Q. [illegible]?

Q. There is Dominion coolions and Workedes?

A. Yes, sir.

Q. When was that? A. I think my it was either six or seven years ago.

BY R. [illegible]: Q. What happened before? A. The foreman came out and he said, "No, no, no, if I had every loom empty and you worked for nothing I would not put any of you fellows from unemployed to work."

Mr. [illegible]: Q. He apparently knew about the [illegible]? A. Yes, [illegible].

Q. Did you try any place else? A. No, I have not had the opportunity.

Q. Since the 8th of June you have tried at the one place at Waterbury and no place else?

A. No.

BY THE COMMISSIONER: Q. Did he tell you what was wrong with the unemployed jewelry? A. I said, "What's the matter Frank? Are we blacklisted?" and he said, "Oh no, no," he got very excited about

that.

MR. KELLOCK: Q. How long was this notice about 50-hour week posted in the mill - ever since you can remember? A. No, I think it was posted in 1926 or 1927.

Q. And then you said that you knew that the mill had advertised for weavers in Toronto? A. Yes.

Q. When was that? A. That would be in the week of 22nd June.

Q. You were still employed and all these other members of your association were employed at that time? A. Yes, sir.

Q. And did you see the advertisement? A. Yes.

Q. And did it mention the Campbellford Cloth Company? A. Yes.

Q. Now, you said that this organization that you formed in Campbellford was branch No. 2 of the Ontario Textile Workers Association - that is right? A. Yes, sir.

Q. Where is Branch No. 1? A. In Toronto.

Q. And it is one mill or more than one mill? A. One mill.

Q. And that mill? A. Barrymore Cloth Mill.

Q. And that is the parent company of the Campbellford Cloth Mill? A. Yes, sir.

Q. And that Association of employees is still there to-day, still functioning to-day?

that.

Q. MILLER: Q. How long was this notice about 30-hour week posted in the mill - ever since you can remember? A. No; I think it was posted in June or July.

Q. And then you said that you know that the mill had advertised for weavers in Toronto? A. Yes.

Q. When was that? A. That would be in the week of 22nd June.

Q. You were still employed and all these other members of your association were employed at that time? A. Yes, sir.

Q. And did you see the advertisement?

A. Yes.

Q. And did it mention the Campbellford Cloth Company? A. Yes.

Q. Now, you said that this organization that you formed in Campbellford was branch No. 2 of the Ontario Textile Workers Association - that is right?

A. Yes, sir.

Q. Where is Branch No. 1? A. In Toronto.

Q. And it is one mill or more than one mill?

A. One mill.

Q. And that mill? A. Dominion Cloth Mill.

Q. And that is the parent company of the Campbellford Cloth Mill? A. Yes, sir.

Q. And that Association of employees in that there to day still functioning to-day?

THE COMMISSIONER: You mean the organization?

MR. KELLOCK: Yes, my lord.

Q. You understand the question, don't you? A. I should think they are functioning, I would not state for sure.

Q. I am instructed they are functioning, that you are quite right, even to-day. Now, does this Textile Workers Assocation that you speak of consist of these two branches - I mean in June of 1936? A. I have no way of answering that, no.

Q. So far as you know that is the only extent ? A. Well, Peterborough was organized.

BY THE COMMISSIONER: Q. Are they still organized? A. No.

MR. KELLOCK: Q. Is that the extent of this textile Workers Association so far as you know? A. I understood there is anotherbranch, but I don't know. If I was to try and name the plant I would be only jumping to conclusions.

Q. Now, on the 27th of June the employees in the mill were asked to work on Saturday afternoons, that is right? A. Yes.

Q. And that was nothing new - that was not the first time? A. No.

Q. You had worked on Saturday afternoon as long ago as 1928, at the time you got $42 or $44 a week - do you remember that? A. Yes, sir, occasionally, yes.

THE COURT ADJOURNED, 1A

THE COURT ADJOURNED: You mean the organization?

A. MELLOR: Yes, my lord.

Q. The unemployed the question, Mr. Lord

A. I should think they are functioning, I would see

stops for some.

Q. I am instructed they are functioning,

that you are quite right, even to-day. Now, does

this Textile Workers Association that you speak of

consist of these two branches - I mean in June of

1937? A. I have no my of remembering that, no.

Q. So far as you know was is the only extent?

A. Well, Petrosorowsk was organized.

BY THE COMMISSIONER: Q. Are they still organ-

ized? A. No.

Q. MELLOR: Q. Is that the extent of this

textile workers association so far as you know?

A. I understood there is membership, but I don't

know. If I am to try and guess my guess I would

be only jumping to conclusions.

Q. Now, on the 17th of June the employees in

the mill were asked to work on Saturday afternoons,

that is right? A. Yes.

Q. And that was nothing new - that was not the

first time? A. No.

Q. The last notice is January fifteenth

long ago, at the time you got laid off for

a week - do you remember that? A. Yes, sir,

[illegible]. Yes.

Q. And when you worked for 69 hours in 1928 the notice was on the board then that the women's hours were 50 hours a week, were not they? You said it was there since 1926? A. Yes.

Q. Will you tell his lordship why under those circumstances when you and the other employees of the mill were asked to work on Saturday afternoon on the 27th of June. 1936, why you refused?

A. I cannot answer that question because I can take no responsibility in it.

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Cont

Q. And were you working 16 or 20 hours in June

the notice was on the board that the week's

hours were 56 hours a week, were not they? You work

it was there since June?

A. Yes.

Q. Will you tell his Lordship why under those

circumstances when you and the other employees of

the mill were asked to work on Saturday afternoon

on the 27th of June, 1936, why you refused?

A. I cannot answer that question because I am not

no responsibility in it.

(Here ends Tatlows)

Q. All right, I will take your answer?

BY THE COMMISSIONER: Q. You can speak for yourself? A. Well, I abided by the resolution that was duly passed at the regular meeting.

Q. By your organization? A. Yes.

BY MR. KELLOCK: By your own organization in Campbellford of which you were president?

A. Yes..

Q. And that was the reason you refused to work Saturday afternoon, is that right?

A. For what reason?

Q. Because you had passed that resolution?

A. Exactly.

Q. And at this time and for some time before it the mill was working night and day, is that right?

A. Yes.

Q. Lots of work to be done, very busy, isn't that time? A. Very busy at the time.

Q. And you refused to work?

A. At the time.

Q. Did you expect if you refused to work under those conditions you would not be discharged? Are you complaining about that? What did you expect?

A. I am not offering any complaints for myself.

Q. Then I take it you are not complaining that you were discharged? A. For myself I am not offering any complaints but I am offering the complaints of those that were victimized. The very people that passed this resolution are working.

Q. All right, I will take your answer.

BY MR. [illegible]: Q. You can speak for yourself.

A. Well, I was led by the resolution that was duly passed at the regular meeting.

Q. By your organization?

A. Yes.

BY MR. McLEAN: By your own organization in [illegible]?

A. Yes.

Q. And that was the reason you refused to work Saturday afternoon, is that right?

A. For that reason.

Q. Because you had passed that resolution?

A. Exactly.

Q. And at this time and for some time before it the mill was working night and day, is that right?

A. Yes.

Q. Lots of work to be done, very busy, isn't that true? A. Very busy at the time.

Q. And you refused to work?

A. At the time.

Q. Did you object if you refused to work under these conditions you would not be discharged? Are you complaining about that? What did you object?

A. I am not offering any complaints for myself.

Q. When I take it you are not complaining that you were discharged? A. For myself I am not offering any complaints but I am offering the complaints of those that were victimized. The very people that passed this resolution are working.

Q. I am coming to that in a minute. I will take your answer that so far as you are concerned you are not complaining; you expected it, didn't you?
A. No.

Q. Or you should have. You didn't expect it; I see, all right. Now, you said there were now many joined your organization, 79 out of 180 employees in the mill, is that right? That is what I took you down as saying? A. I said approximately 180.

Q. That is the number of employees in the millx is approximately 180, is that right?
A. Yes, that would be at the time this trouble started.

Q. Now, how many weavers were there employed at that time? On that Saturday afternoon how many weavers were employed? Can I help you, would 31 be right? A. Oh no, you are away down.

Q. There were more than that; how many more than that? A. There should have been at least 65, anyway.

Q. 65 weavers employed by the mill that Saturday afternoon? A. 60 or 65, I would imagine.

Q. Out of 60 or 65 there were 17 including yourself who refused to work? A. 21 or 20.

Q. You yourself were quite active in endeavouring to persuade the remainder of the 60 or 65 not to work that afternoon? A. No.

Q. Pardon? A. No. I understand you asked me was I very active in trying to persuade the

Q. I am coming to that in a minute. I will take your answer that so far as you are concerned you are not complaining; you accepted it, didn't you?

A. No.

Q. or you should have. You didn't expect it; I see, all right. Now, you said there were now many joined your organization. Is not of 180 and those in the mill, is that right? That is what I took you down as saying?

A. I gate approximately [illegible]

Q. That is the number of employees in the mills is approximately 180, is that right?

A. Yes, that would be at the time this trouble started.

Q. Now, how many weavers were there employed at that time? On that Saturday afternoon how many weavers were employed? Can I help you, would 21 be right?

A. Oh no, you are away down.

Q. There were more than that; how many more than that?

A. There should have been at least 60, anyway.

Q. 60 weavers employed by the mill that Saturday afternoon?

A. 60 or 65. I would imagine.

Q. Out of 60 or 65 there were 17 including yourself who returned to work?

A. 21 or 22.

Q. You yourself were quite active in endeavouring to persuade the remaining [illegible]

[illegible]

Q. Return [illegible]

asked me was I very active in trying to persuade the

others not to work?

Q. Yes, not to go back to work?

A. I am saying no.

Q. Let me ask you this; you said 60 or 65 weavers, are you not speaking of both the day and night shifts? A. No.

Q. You are speaking just of the day shift?

A. Yes.

Q. Out of 65 there were 21 that refused to go back to work? A. Yes.

Q. Since that time the mill has taken back all but - would you say 6 or 9 ?

A. 9.

Q. Your father is a weaver? A. Yes.

Q. Within the last two weeks he has been taken back into the company's employ, hasn't he?

A. It is more than two weeks ago.

Q. Well, since the trouble he has been taken back? A. Yes.

Q. Your own father? A. Yes.

Q. Just one question more, Mr. Sergeant; is this right, that you and the other piece workers in that plant are paid as the cloth actually comes off the loom? A. I don't understand the question.

THE COMMISSIONER: What do you mean?

MR. KELLOCK: When the cloth is completed, the web is completed, and actually comes off the loom.

THE COMMISSIONER: They get paid then?

MR. KELLOCK: Yes.

THE COMMISSIONER: Instead of every week or two

others not to work?

Q. You, not to go back to work?

A. I am saying no.

Q. Let me ask you this; you said 60 or 65 weavers, are you not speaking of both the dry and wet shifts?

Q. You are speaking just of the dry shift?

A. Yes.

Q. Out of 65 there were 21 that returned to go back to work? A. Yes.

Q. Since that time the mill has taken back all but - would you say 5 or 6?

A. 6.

Q. Your father is a weaver? A. Yes.

Q. Within the last two weeks he has been taken back into the company's employ, hasn't he?

A. It is more than two weeks ago.

Q. Well, since the trouble he has been taken back? A. Yes.

Q. Your own father? A. Yes.

Q. Just one question more, Mr. Sergeant: is this right, that you and the other piece workers in that plant are paid as the cloth actually comes off the loom? A. I don't understand the question.

THE COMMISSIONER: What do you mean?

MR. KETCH: When the cloth is completed, the web is completed, and actually comes off the loom.

THE COMMISSIONER: They get said this?

weeks?

MR. KELLOCK: No, my lord, for instance, supposing the web was not completed at the end of the week. You would not get paid for that particular web you were working on until the following week, is that right? In other words, you don't get paid until the work is finished and comes off the loom?

A. I don't understand the question at all. We get paid for what comes off the loom in one week, we get paid for it the following week.

Q. Yes, but if you have an unfinished piece on the loom when you quit on Saturday you would not get paid for that piece; that would be taken in in the following week? A. In the following week.

Q. So in order to get at what you actually earn in any week you would have to take more than one week and average it, isn't that right? A. Yes.

Q. You might get a good deal more one week than another? A. Yes.

MR. KELLOCK: That is all, thank you.

BY MR. BEAUREGARD: Q. Mr. Sergeant, do you know whether any Toronto worker has been hired following these ads in the papers in Toronto?

A. Have any Toronto workers been hired?

Q. Hired by the company, to work for your company following the ads in the papers?

A. I could not state that; I don't know where the new weavers came from.

Q. Did you see some new weavers in Campbellford?

A. There are new weavers in Campbellford today.

week?

Q. Taking, for instance, the instance where the job was not completed at the end of the week. You would not get paid for that particular job you were working on until the following week, is that right? In other words, you don't get paid until the work is finished and comes off the loom?

A. I don't understand the question at all. We get paid for what comes off the loom in one week, we get paid for it the following week.

Q. Yes, but if you have an unfinished piece on the loom when you quit on Saturday you would not get paid for that piece; that would be taken in the following week? A. In the following week.

Q. So in order to get at what you actually earn in any week you would have to take more than one week and average it, isn't that right? A. Yes.

Q. You might get a good deal more one week than another? A. Yes.

M. KELLOCK: That is all, thank you.

BY MR. HAMMOND: Q. Mr. Devenny, do you know whether any Toronto worker has been hired following these ads in the papers in Toronto?

A. Hired by the company, to work for you, following the ads in the papers?

A. I could not state that; I don't know where the new recruits came from.

Q. Did you see some new workers in Oshawa-Lindsay?

A. There are workers in Oshawa-Lindsay.

Q. Can you say how many? A. There is at least 4, anyway, if not more. I don't know, you see, I have not been in the plant.

Q. Did you notice them after the ads in the papers? A. Pardon?

Q. Did you notice these workers, these weavers, after the ads you just mentioned appeared in the Toronto papers? A. Yes.

Q. But you cannot say whether they were from Toronto or not? A. No.

Q. You say there are 4 of them to your knowledge? A. Yes.

Q. As to the function of the organization in Toronto of the Barrymore Mill, do you know the name of the president of that organization?
A. I understand Mr. Barry Hayes is president.

Q. Of the organization, I don't mean the mill, I mean your section of workers, number 1 section of workers? A. Of the local branch, you mean?
Q. Yes. A. Number 1 branch is Mr. Ireland.

Q. Can you give the name of the other officials? A. Of the secretary?

Q. Yes? A. A man by the name of Bunstead.

Q. Do you know whether this section holds meetings at times? A. I cannot say that now.

Q. Do you know whether the section speaks as a body to the company?

THE COMMISSIONER: You mean in Campbellford?

MR. BEAUREGARD: I mean section 1.

THE COMMISSIONER: Oh, section 1.

Q. Can you say how many? A. There is at least 4, anyway, if not more. I don't know, you see, I have not been in the plant.

Q. Did you notice them after the ads in the papers?

A. Perhaps?

Q. Did you notice these workers, these workers, after the ads you just mentioned appeared in the Toronto papers? A. Yes.

Q. But you cannot say whether they were from Toronto or not? A. No.

Q. You say there are 4 of them to your knowledge?

A. Yes.

Q. As to the function of the organization in Toronto of the Barrymore Mill, do you know the name of the president of that organization?

A. I understand Mr. Harry Hayes is president.

Q. If the organization, I don't mean the mill, I mean your section of workers, number 1 section of workers? A. Of the local branch, you mean?

Q. Yes. A. Number 1 branch is Mr. Ireland.

Q. Can you give the name of the other officials?

A. Of the secretary?

Q. Yes? A. A man by the name of Ferguson.

Q. Do you know whether this section holds meetings at times? A. I cannot say that now.

Q. Do you know whether the section operate as a body to the company?

MR. CAMISCIONE: You mean in cambellford?

MR. BRADFORD: I mean section 1.

BY MR. BEAUREGARD: Q. Do you know whether section 1 speaks as a body to the employers?

A. The executive, I believe.

Q. Actually, I mean? A. The executive do.

Q. You believe they do now?

A. I believe they do.

Q. Do you know whether they have been successful in their demands with the employers more I should say than you have been yourself? A. Yes.

Q. Were your demands in the same line as theirs, do you know? A. We never demanded anything.

Q. Well, you said request? A. Request.

Q. We don't agree on that; were the requests of section 1 similar to the requests of section 2?

A. I have no way of stating; we acted independently. We made up our own programme as we went along.

Q. Would you state in what paper this ad has been published, I mean for the hiring of men in Toronto?

A. I am not sure but it was either - I noticed it either in the Toronto Star or Toronto Telegram.

Q. You cannot state which; could you tell us as to dates, as to what days? A. I am reasonably certain it was in there on the 22nd and 23rd, anyway.

Q. At the time you were working yourself in the mill? A. Yes.

Q. Had it been intimated to you at that time that you would be dismissed?

A. Not since our first conference--

Q. I mean on the 22nd; had you any intimation

MR M. MACDONALD: Q. Do you know whether section 1 appears as a bar to the employer?

A. The executive, I believe.

Q. Actually, I meant - Q. The executive [illegible]

Q. You believe they do now?

A. I believe they do.

Q. Do you know whether they have been successful in their dealings with the employees more I am sad say than you have been yourself? A. Yes.

Q. Have your dealings in the same line as theirs, do you know? A. We never dealt at any [illegible]

Q. Well, you said recent? A. Recent.

Q. We don't agree on that; were the remarks of section 1 similar to the remarks of section 27?

A. I have no way of stating; we acted independently. We made up our own programme as we went along.

Q. Would you state in what paper this ad has been published, I mean for the hiring of men in Toronto?

A. I am not sure but it was either - I believe it either in the Toronto Star or Toronto Telegram.

Q. You cannot state which; could you tell us as to dates, as to what date? A. I am reasonably certain it was in there on the 22nd and 23rd. Anyway.

Q. Is the Blue Bird Cooling plant in the mill? A. Yes.

Q. Had it been intended to open at that time that you built in December?

A. [illegible]

Q. I mean on the coast; had you any intention

that it was your last week in the mill?

A. No.

Q. Did you report to the authorities you had seen the advertisement in the paper? A. Yes.

Q. What was the reply; did they say anything as to that? A. I only reported it in this way that I thought the help in Campbellford should get a chance.

Q. You mentioned the fact you had seen the advertisement in the paper? A. Yes.

Q. You stated in your own mind Campbellford people should have the first chance?

A. Yes.

Q. Do you know what has been the reply of the boss? A. The reply was in one case one man could have work if he came down but he would have to go on nights and the foreman, he says, "If I have to tell you or you or you to go on nights you will go on nights". In the other case he says, "I am not going to take a man that threatens to beat me up". I said, "I understand this man never threatened to beat anybody up".

Q. What man was this? A. He was speaking of a returned man by the name of Tom Saunders.

Q. Was he unemployed? A. He had been unemployed for quite a long time.

Q. An old employee?-- A.

BY THE COMMISSIONER: Q. You say he had been unemployed? A. Unemployed for quite a long time

that it was your last week in the mill?

A. No.

Q. Did you report to the authorities you had seen the advertisement in the paper? A. Yes.

Q. What was the reply; did they say anything as to that? A. I only reported it in this way that I thought the help in Campbellford should get a chance.

Q. You mentioned the fact you had seen the advertisement in the paper? A. Yes.

Q. You stated in your own mind Campbellford people should have the first chance?

A. Yes.

Q. Do you know what has been the reply of the boss? A. The reply was in one case one man could have work if he came down but he would have to go on nights and the foreman, he says, "If I have to tell you or you or you to go on nights you will go on nights". In the other case he says, "I am not going to take a man that turns into to beat my" I said, "I understand this man never threatened to beat anybody up".

Q. What man was this? A. He was speaking of a returned man by the name of Tom Dunbar.

Q. Was he unemployed? A. He had been unemployed for quite a long time.

Q. An old employee--- A.

BY THE CHAIRMAN: Q. You say he had been unemployed? A. Unemployed for quite a long

BY MR. BEAUREGARD: Q. He had been an employee at one time? A. He had been an employee there some two or three years ago.

Q. But at the moment he was unemployed?
A. Yes.

Q. You suggested he should be employed rather than take a person from Toronto?
A. I was just asking if it was not possible for him to have a chance to get work for a few months.

Q. You said, if I remember well, those who had passed this resolution were given work again?
A. Yes.

Q. Do you mean to say you did not pass the resolution yourself? A. I never had anything to do with it.

Q. You had nothing to do with this resolution?
A. Otherwise than acting as chairman at the regular monthly meeting.

BY THE COMMISSIONER: Q. Where it was passed?
A. Yes.

BY MR. BEAUREGARD: Q. In your section? A. Yes.

Q. That was a resolution passed in your section?
A. Yes.

Q. Not to work more than a limit of 50 hours a week? A. 55.

Q. You have already worked those 55 hours?
A. We had worked 55 hours that week.

Q. Were there any women at all among the 21 that went out? A. Yes.

BY MR. BRADSHAW, QC: Q. He has been an employee at one time? A. He had been an employee there some two or three years ago.

Q. But at the moment he was unemployed?

A. Yes.

Q. You suggested he should be employee rather than take a person from Toronto?

A. I was just saying if it was not possible for him to have a chance to get work for a few months.

Q. You said, if I remember well, some one had passed this resolution you gave back again?

A. Yes.

Q. Do you mean to say you did not pass the resolution yourself? A. I never had anything to do with it.

Q. You had nothing to do with this resolution?

A. Otherwise than noting as chairman at the regular monthly meeting.

BY THE COMMISSIONER: Q. Where it was passed?

A. Yes.

BY MR. MACPHERSON: Q. In your mind? A. Yes.

Q. That was a resolution passed in your mind?

A. Yes.

Q. Not to work more than a limit of 60 hours a week? A. 55.

Q. You have already worked three 55 hours?

A. We had worked 55 hours that week.

Q. Were there any women at all among the 21 that were laid? A. Yes.

Q. How many were there, approximately? Did they return to work, these women?

A. All except one.

Q. Do you know why this one has not been taken on again? A. I don't know why other than she is my wife.

Q. It happens to be your wife; out of the 21 you did not answer how many women there were. Would there be 5, 10 -- A. It would take me a little time to figure it up.

Q. You cannot say offhand? A. I can get it but it would take me a little time to figure it up. I would have to account for everyone of the 21 and then pick the women out of them. I would say right offhand 7.

Q. Did you say it was on account of the women that your people did not want to work this afternoon?

A. MR. KILLICK: He did not say that at all; he said it was on account of the resolution.

THE WITNESS: The general concensus of opinion among the men was they would try and help the women to gain this Saturday afternoon off.

BY MR. BEAUREGARD: Q. They needed it, as you said, for home work? A. To allow them to do their work at home.

Q. Anyhow, the women, whatever their number have been taken back except your wife?

A. All the women have been taken back except my wife.

BY THE COMMISSIONER: Q. Had the women been in the

Q. How many were there, approximately? Did they return to work, those women?

A. All except one.

Q. Do you know why this one has not been taken on again? A. I don't know why other than she is my wife.

Q. It happens to be your wife; out of the 21 you did not answer how many women there were. Would there be 5, 10 -- A. It would take me a little time to figure it up.

Q. You cannot say offhand? A. I can get it but it would take me a little time to figure it up. I would have to account for everyone of the 21 and then pick the women out of them. I could say right offhand 7.

Q. Did you say it was on account of the women that your people did not want to work this afternoon? A. Mr. X Y. M: He did not say that at all; he said it was on account of the resolution.

MR. WITNESS: The general consensus of opinion among the men was they would try and help the women to get this matrimony extension out.

BY MR. BRODERICK: Q. They meaned it, as you said, for home work? A. To allow them to do their work at home.

Q. Anyhow, the women, whatever local number have been taken back except your wife?

A. All the women have been taken back except my wife.

BY MR. COMMISSIONER: Q. And the women been in the

habit of working on Saturday afternoon?

A. Not so late in the summer before.

Q. This particular summer they were making them work late Saturday? A. Yes.

BY MR. BEAUREGARD: Q. Did you mention the temperature on these days?

A. Well, if you can remember back to that particular week it was the hottest week - in fact, the plant up here was getting out at 2:00 or 3:00 o'clock in the afternoon just 2 or 3 days later.

BY MR. KELLOCK: Q. There was quite a difference in the 2 or 3 days later?

A. Well, it shows the excessive heat that was on at the time.

BY MR. BEAUREGARD: Q. Did you state part of the work done in one week would not be included in the pay of that particular week because it was unfinished and would be part of the next week pay? Does it change anything as to the average of wages that you mentioned? A. I cannot see that it does. It is quite possible for a weaver to get a big pay, what he considers a big pay, one week and then the next week he will have a very very short pay.

Q. I understood you to say that lately, or in the last weeks you were in the place that the average pay of the men was $12 to $14 and rarely over $15 a week? A. Yes.

Q. That is an average? A. That would be a fair average, I believe; the average there is high.

habit of working on Saturday afternoon?

A. Not as late in the summer before.

Q. This particular s[illegible] they were asking them work late Saturday? A. Yes.

By Mr. [illegible]: Q. Did you mention the temperature on these days?

A. Well, if you can remember back to that particular week it was the hottest week - I, [illegible], the place up here was closing out at 2:00 or 3:00 o'clock in the afternoon just 2 or 3 days later.

By Mr. [illegible]: Q. There was quite a difference in the 2 or 3 days later?

A. Well, it shows the excessive heat that was on at the time.

By Mr. [illegible]: Q. Did you state part of the work done in one week would not be included in the pay of that particular week because it was outlined and would be part of the next week pay? Does it change anything as to the average of wages that you mentioned? A. I cannot see that it does. It is quite possible for a worker to get a big pay, what he considers a big pay, one week and then the next week he will have a very small pay.

Q. I understood you to say that [illegible], or in the last weeks you were in the place that the average pay of the man was [illegible] a week?

Q. That is at average? A. That would be [illegible]

May I state something, my lord? Yesterday I was in the town - as a matter of fact, I had been out of town seeking employment for a while. I went back into town yesterday and I found 4 weavers discharged.

Q. You mean in Campbellford?

A. Four of those weavers are discharged that were members of this association. They are getting slack and it looks as though two of these weavers were discharged for something that I cannot consider is any fault of theirs at all.

BY MR. KELLOCK: Q. When was this?

A. Yesterday.

Q. Where? A. In Campbellford.

BY THE COMMISSIONER: Q. What were they discharged for? A. They were discharged and notified they were let out for mixing the filling.

BY MR. BEAUREGARD: Q. What do you mean by that?

A. Well, it is possible when they have a night and a day shift, there is some of that filling is very very close shaded. It is possible to pick up two bobbins in almost the same shade and it appears that the filling was put there for the night worker to carry on his work during the night and naturally he didn't know, he thought it was his filling, and he dumped it into his box, he used it up and the day worker came on after him and he was still using it and they were both discharged.

Q. You mean the day weaver and the night weaver?

A. Yes.

Q. Can you state whether it was found who of the

May I state something, my lord? Yesterday I was in the town - as a matter of fact, I had been out of town seeking employment for a while. I went back into town yesterday and I found a receiver discharged.

Q. You mean in Campbellville?

A. Four of those receivers are discharged that were members of this association. They are getting afraid and it looks as though two of these receivers were discharged for something that I cannot consider is any fault of theirs at all.

BY MR. FULLER: Q. When was this?

A. Yesterday.

Q. Recent A. In September.

BY THE COMMISSIONER: Q. What were they discharged for? A. They were discharged on notice they were let out for mixing the filling.

BY MR. BRADFORD: Q. What do you mean by that?

A. Well, it is possible when they have a night and a day shift, there is some of that filling is very very close shaved. It is possible to pick up two bobbins in almost the same place and it appears that the filling was put there for the night worker to carry on his work during the night and naturally he didn't know he thought it was his filling, and he dropped it into his box. He used it up and the day worker came on and him and he was still using it and they were both disgruntled.

Q. In other words he had no right to do that?

A. Yes.

two was in fault in that or whether they were in fault, both of them? A. I would consider that the man at fault was the man that brought the filling to the looms.

Q. Were these men employed since some time with the mill, were they old hands of the mill? A. Yes.

Q. How long have they been there?
A. They have both been there in excess of 15 years.

Q. Were they any of the 21 who had refused to work on the 27th of June, last? A. One of them was.

MR. KELLOCK: One out of the 4.

BY MR. BEAUREGARD: Q. And one is not.
A. Two - one, that is right, one.

Q. One out of the four that have been just dismissed? A. Yes.

Q. Happens to belong to the group of those who refused to work on the 27th? A. That is right.

Q. Were the four of them members of your organization
A. No, three.

Q. Three of them were members of the organization?
A. Yes.

Q. They have been dismissed, you say, yesterday?
A. Yes.

Q. In your experience as a workman in that shop has that accident already occurred, that there had been an error in the mixture of that kind?
A. It has happened many times before.

Q. What has been the result as to the worker?
A. The worker got a bawling out for it. That is

two men in Toronto in that or another they were in Toronto both of them? A. I would consider that the man at Toronto was the man that brought the tailing to the house.

Q. Were these men employed since some time with the mill, were they old hands of the mill? A. Yes.

Q. How long have they been there?

A. They have both been there in excess of 15 years.

Q. Were they any of the 21 who had refused to work on the 27th of June, last? A. One of them was.

MR. KELLOCK: One out of the 4.

BY MR. BRODOVITCH: Q. And one is left.

A. Two - one, that is right, one.

Q. One out of the four that we have been just discussed? A. Yes.

Q. Happens to belong to the group of three who refused to work on the 27th? A. That is right.

Q. Were the four of them members of your organization? A. No, three.

Q. Three of them were members of the organization? A. Yes.

Q. (Was this discussed, Jim Boy, yesterday?)

A. Yes.

Q. In your experience as a foreman in that mill was there any slippery concrete, that kind of an error in the mixture of that kind?

A. It has happened many times before.

Q. What has been the result as to the amount of concrete that has to be scalped out for it? A. That is

quite usual.

Q. Eh? A. That is quite usual, getting a calling down for it.

Q. He had received a call-down, but was he dismissed? A. No.

Q. Is it usual for a man to be dismissed for an error of that type? A. I have never known it to happen before.

Q. Can you say what quantity of cloth has been spoiled by this error? A. No, I cannot state whether any cloth has been spoiled or not.

BY MR. KELLOCK: Q. With your lordship's permission, just one question; that might very well have caused quite a considerable amount of cloth to be spoiled? A. It might have.

A. And just a little more care on the worker's part would have detected it was mixed up, would it not? A. Oh, it is quite possible to get by the most careful weaver at times.

Q. If this has happened in the past, as you said, and you have heard workmen being scolded for it it must be something that a little more care would enable them to detect? A. Well, the care can be taken before it comes to the weaver?

Q. Yes, but I am speaking about a weaver; the weaver when he uses that knows it isn't the kind of material he is dealing with?

A. Naturally if he knew it was not he would not put it in.

Q. I am saying he should know?

quite about.

Q. Why? A. That is quite usual, getting a selling down for it.

Q. He had received a call-down, but was he discharged? A. No.

Q. Is it usual for a man to be discharged for an error of that type? A. I have never known it happen before.

Q. Can you say what quantity of cloth has been spoiled by this error? A. No, I cannot state whether any cloth has been spoiled or not.

MR. [illegible]: Q. With your indulgence, just one question; that might very well have caused quite a considerable amount of cloth to be spoiled? A. It might do so.

Q. And just a little more care on the workman's part would have detected it ere mixed up, would it not? A. Oh, it is quite possible to get by the most careful weaver at times.

Q. If this has happened in the mill, as you said, and you have been working long enough for it it must be something that a little more care would enable them to detect? A. Well, the more care be taken before it comes to the weaver?

Q. Yes, but I am speaking about a weaver; the weaver who has been that knows it isn't the kind of material he is to be dealing with?

A. Naturally if he knows it was not he would not put it in.

A. Not always.

Q. Isn't that what he is employed for?

A. No, not exactly.

THE COMMISSIONER: All right; well then, tomorrow is Saturday. Do we sit tomorrow morning?

MR. McRUER: Well, until half past twelve.

THE COMMISSIONER: Will that be satisfactory? All right, we will go on from half past ten to half twelve.

MR. McRUER: We might start at ten o'clock.

THE COMMISSIONER: All right, then.

-- The Commission adjourned at 5:45 p.m. to resume at 10:00 o'clock a.m., Saturday, October 3rd, 1936.

A. Not Elmira.

Q. Isn't that what he is employed for?

A. No, not exactly.

THE COMMISSIONER: All right; well then, tomorrow morning. Do we sit tomorrow morning?

MR. MORDEN: Well, until half past twelve.

THE COMMISSIONER: Will that be satisfactory? All right, we will go on from half past ten to half twelve.

MR. MORDEN: We might start at ten o'clock.

THE COMMISSIONER: All right, then.

-- The Commission adjourned at 4:45 p.m. to resume at 10:30 o'clock next morning, Saturday, October 2nd, 1954.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary.

SIXTY-FIRST DAY

(October 3, 1936)

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary.

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co.
S.G. Dixon, K.C.	For Courtaulds, Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

[illegible]

[illegible]

HON. MR. DUMOULIN (P.E.I. CONSTITUENCY),

Commissioner,

5

L.C. [illegible], SECRETARY,

[illegible]

10

F.G. [illegible], K.C., and [illegible], K.C.	Consulting Counsel
E.F. [illegible], K.C. and L.L. [illegible], K.C.	For Royal Commission on Primary Textile Industries.
G.G. [illegible], K.C. also [illegible], K.C. and G.E. [illegible].	For Dominion Textile Co.
S.G. Dixon, K.C.	For Courtaulds, Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

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Toronto, Ontario,
October 3, 1936

-- The Commission resumed at 10 A.M.

DOUGLAS HALLAM, Re-examination

BY MR. KELLOCK:

Q. Mr. Hallam, my friend my referring to the fact, as brought out in a letter of yours to the then Prime Minister in 1930, as to what would be done in the matter of increasing employment--

THE COMMISSIONER: What letter do you refer to, Mr. Kellock?

MR. KELLOCK: It was brought out yesterday, I think, my lord.

THE COMMISSIONER: However, go on.

MR. KELLOCK: It was a letter to Mr. Bennett, my lord. I will have it turned up.

THE COMMISSIONER: Exhibit 599 is the letter of February 12th, 1931, to the Prime Minister.

MR. KELLOCK: That is it, my lord.

THE COMMISSIONER: Have you a copy of it there, Mr. Kellock?

MR. KELLOCK: Yes, my lord, I have it here now.

Q. Now, have you prepared a table showing the situation from 1930 on, so far as employment figures are concerned? A. Yes. I prepared last night a table of employment compiled from advanced reports on the Textile Industries, Dominion Bureau

--- The Commission resumed at 10 a.m.

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CHIEF [illegible] Cross-examination

MR. [illegible]:

Q. Mr. Kellock, my friend my referring to the fact, as brought out in a letter of yours to the

10 then Prime Minister in 1950, as to what would be done in the matter of increasing employment--

THE COMMISSIONER: Her letter to you refers to,

MR. [illegible]:

15 MR. KELLOCK: It was brought out yesterday, I think, my Lord.

THE COMMISSIONER: However, go on.

MR. KELLOCK: It was a letter to Mr. Bennett, my Lord. I will have it turned up.

20 THE COMMISSIONER: Exhibit 300 is the letter of February 14th, 1931, to the Prime Minister.

MR. KELLOCK: That is it, my Lord.

THE COMMISSIONER: Have you a copy of it there,

25 Mr. Kellock?

MR. KELLOCK: Yes, my Lord, I have it here now.

Q. Now, have you prepared a table showing the situation from 1930 on, so far as employment figures are concerned? A. Yes. I prepared last

30 night a table of employment compiled from advanced

of Statistics.

MR. McRUER: The letter deals with the Silk Industry. This deals with all Textile Industries.

THE WITNESS: Yes, all primary textile industries.

MR. KELLOCK: It also deals with other industries as well, as will appear.

THE COMMISSIONER: You are putting that in, I suppose?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 636, Table of Employment.

EXHIBIT 636: Table of Employment compiled from advance reports on the Textile Industries, Dominion Bureau of Statistics.

BY MR. KELLOCK: Q. Now, you start off, Mr. Hallam, with the year 1930, and I see that you have a note there, an explanatory note at the bottom, as follows:

"In the o930 figure a group was not segregated in the D.B.S. figures, which was segregated in 1931: This group in 1931 was: Dyeing and finishing of textiles: 847 employees, $945,002."

Now, Is the significance of that, that the 1930 figure does not include the group dealing with dyeing and finishing of textiles at all? A. That is correct. It is merely to keep the statistics valid.

Q. Now, I see that in 1930 the number of employees is given as 50,263, and the wages and salaries as $41,150.000.

of Statistics.

MR. MORLOCK: The letter deals with the silk industry. This deals with all Textile Industries.

THE CHAIRMAN: Yes, all primary textile industries.

MR. MALLOCK: It also deals with other industries as well, as will appear.

THE COMMISSIONER: You are putting that in, I suppose?

MR. MORLOCK: Yes, my Lord.

MR. COMMISSIONER: That will be available too, table of employment.

EXHIBIT 889: Table of employment compiled from advance reports on the textile industries, Dominion Bureau of Statistics.

MR. MALLOCK: Now, you start off, Mr. Malion, with the year 1930, and I see that you make a note there, an explanatory note at the bottom, as follows:

"In the 1930 figure a group was not segregated in the D.B.S. figures, which was segregated in 1931: This group in 1931 was: Dyeing and Finishing of textiles: 847 employees, $640,000."

Now, is the significance of that, that the 1930 figure does not include the group dealing with dyeing and finishing of textiles at all? A. That is correct. It is merely to keep the statistics valid.

Now, I see that in 1930 the number of employees in dyeing was 30,000, and the wages

In 1931, the employees were 50,931, and wages and salaries in excess of $42,000,000.

In 1932, the employees were 51,030, and wages and salaries in excess of $39,000.000.

In 1933, the employees were 53,753, and the wages and salaries in excess of $40,000,000.

In 1934, the employees were 59,038, and wages and salaries in excess of $46,000,000.

Right there, Mr. Hallam, was there any difference as between wages and salaries, whether the trend was up or down? A. I think the trend was down in both. I had bitter complaints about cuts in salaries.

Q. Yes, and then I see you go on to explain where these figures come from? A. Yes.

Q. And, just before we leave the top part of that table, I see that as between 1930 and 1933, where the number of employees uniformly increases there is a drop in wages and salaries. Have you got the percentage? A. I made a calculation and average the drop there as approximately 7 per cent.

Q. And have you done the same thing as between 1930 and 1935? A. 1934, sir.

Q. 1934? A. Yes, we have not got 1935 wage figures yet.

Q. Well, what was the result? A. The drop is about 4½ per cent.

Q. It is an increase, is it not? A. No, the drop in the average wages is 4½ per cent. That is

In 1931, the employees were 50,981, and wages and salaries in excess of $42,000,000.

In 1932, the employees were 51,000, and wages and salaries in excess of $39,000,000.

In 1933, the employees were 53,720, and the wages and salaries in excess of $40,000,000.

In 1934, the employees were 55,000, and wages and salaries in excess of $44,000,000.

Right there, Mr. Mullen, was there any discrepancies between wages and salaries, whether the trend was up or down? A. I think the trend was down in both. I had bitter complaints about wage in salaries.

Q. Yes, and then I see you go on to explain where these figures come from? A. Yes.

Q. And, just before we leave the top part of that table, I see that as between 1930 and 1935, where the number of employees uniformly increases there is a drop in wages and salaries. Have you got the percentage? A. I made a calculation and average the drop there as approximately 7 per cent.

Q. And have you done the same thing as between 1936 and 1937? A. 1936, sir.

Q. 1934? A. Yes, we have not got 1935 wage figures yet.

Q. Well, what was the result? A. The drop is about 4½ per cent.

Q. It is an increase, is it not? A. No, the drop in the average wages is 4½ per cent. That is

just an indication; these are just average figures.

Q. Well then, the percentage you are speaking about is a percentage of the average rate? A. That is correct.

Q. And you say here:

"From a combined index of employment figure in the Dominion Bureau of Statistics,(124.1) the calculated employees for 1935 are 61,204," but you have not been able to get the figure for the wages and salaries for this year? A. That figure of 61,204 is calculated on the method we use from the Dominion Bureau of Statistic figures.

Q. Now, you go on to show, or deal rather with all industries in the same period? A. Yes.

Q. Including this time, 1935; is the 1935 figure a calculated figure or an actual figure? A. These index figures are copied direct from the Dominion Bureau of Statistic's report.

Q. I see. Well then, in 1930 the index for all industries was 113.4.

THE COMMISSIONER: Where is that, Mr. Kellock?

MR. KELLOCK: My lord, the index is taken as 100; that is shown towards the bottom.

THE COMMISSIONER: Yes.

BY MR. KELLOCK: Q. Then, in the thread, yarn and cloth industry the index was 97.6? A.Correct.

Q. And in the hosiery and knit goods it was 107.7. That is the situation in 1930, and, in 1931, the

Just an indication; these are just average figures.

Q. Well then, the percentage you are speaking about is a percentage of the average? A. That is correct.

Q. And you say here:

"From a combined index of employment figure in the Dominion Bureau of Statistics, (p.4,1) the calculated employees for 1930 are 61,204," but you have not been able to get the figure for the wages and salaries for this year? A. That figure of 61,204 is calculated on the method we use from the Dominion Bureau of Statistic figures.

Q. Now, you go on to show, or deal rather with all industries in the same period? A. Yes.

Q. Including this time, 1930; is the 1930 figure a calculated figure or an actual figure? A. These index figures are coming direct from the Dominion Bureau of Statistic's report.

Q. I see. Well then, in 1930 the index for all industries was 115.4.

MR. HALLOCK: My lord, the index s is taken on 100; that is shown towards the bottom.

THE CHAIRMAN: Yes.

BY MR. HALLOCK: Q. Then, in the twenty, year and with industry the index was 97.07? A. Correct.

Q. And in the mining and milling it was 107.7. That is two situation in 1930, and, in 1931, the

index of all industries fell to 102.5? A. Yes.

Q. While in the thread, yarn and cloth it went to 99.1? A. Yes.

Q. And in the hosiery and knit goods it fell to 105.2? A. Yes.

Q. Then, in 1932, for all industries the index was 87.5? A. Yes.

Q. While in the thread, yarn and cloth it went up to 104.9, and in the hosiery and knit goods it went up to 108.8? A. Yes.

Q. And, in 1933, in all industries, it still declined to 83.4, and thread, yarn and cloth went up to 103.7, and in the hosiery and knit goods it went up to 108.8? A. Yes.

Q. And, in 1934, in all industries it improved to 96.0, and in the thread, yarn and cloth, it went up to 121.9, and in the hosiery and knit goods to 116.4? A. Yes.

Q. And, in 1935, all industries had imppoved 99.4, and thread, yarn and cloth went up to 127.4, and hosiery and knit goods to 118.5.

So that the Primary Textile Industries apparently on those figures did provide increased employment? A. That is correct, sir.

Q. And there was a substantial falling off, in all the industries, as between 1930 and 1935? A. That is correct.

Q. Now, in Exhibit 635, which is a letter of yours

index of all industries fell to 102.5? A. Yes.

Q. While in the thread, yarn and cloth it went to 98.1? A. Yes.

Q. And in the hosiery and knit goods it fell to 105.2? A. Yes.

Q. Then, in 1932, for all industries the index was 87.5? A. Yes.

Q. While in the thread, yarn and cloth it went up to 104.9, and in the hosiery and knit goods it went up to 108.8? A. Yes.

Q. Also, in 1933, in all industries, it still declined to 85.4, and thread, yarn and cloth went up to 105.7, and in the hosiery and knit goods it went up to 108.8? A. Yes.

Q. And, in 1934, in all industries it increased to 96.0, and in the thread, yarn and cloth, it went up to 121.9, and in the hosiery and knit goods to 116.4? A. Yes.

Q. And, in 1935, all industries has improved 99.4, and thread, yarn and cloth went up to 127.4, and hosiery and knit goods to 118.5.

So that the Hosiery Textile industries especially on those figures did provide increased employment?

A. That is correct, sir.

Q. And there was a substantial falling off, in all the industries, as between 1926 and 1929?

A. That is correct.

to the Consolidated Silk Mills as of the 1st of February, 1932, put in by my friend, there is a reference there to an employment survey which was made in 1932.

THE COMMISSIONER: You are referring to what exhibit, Mr. Kellock?

MR. KELLOCK: 635, my lord.

THE COMMISSIONER: That is a letter from Mr.Hallam to the Consolidated Silk Mills?

MR. KELLOCK: Yes, my lord.

MR. McRUER: That was in preparation of material for the brief.

BY MR. KELLOCK: Q. Now, have you got that survey, Mr. Hallam? A. I have not got it before me.

Q. Is this it I am showing to you?
A. Yes, sir, that is a copy of the survey.

MR. KELLOCK: I should like to put that in as an exhibit, my lord.

THE COMMISSIONER: That will be Exhibit 637. What do you call it?

THE WITNESS: It is a comparative report on the silk weaving industry in Canada, 1930 and 1931, calendar years.

BY MR. KELLOCK: Q. And I see the survey is dated 6th February, 1932, - made by you, Mr. Hallam?
A. Made by me, sir.

Q. And it is headed:

to the Consolidated Silk Mills as of the 1st of February, 1928, put in by my friend, there is a reference there to an employee survey which was made in 1928.

THE CHAIRMAN: You are referring to that survey, Mr. [illegible]

Mr. [illegible]: Yes, my lord.

THE CHAIRMAN: That is a letter from Mr. [illegible] to the Consolidated Silk Mills.

Mr. KELLOCK: Yes, my lord.

Mr. [illegible]: That was in preparation of a survey [illegible].

BY MR. KELLOCK: Q. Now, have you got that survey, Mr. [illegible]? A. I have not got it before me.

Q. Is this it I am showing to you?

A. Yes, sir, that is a copy of the survey.

Mr. KELLOCK: I should like to put that in as an exhibit, my lord.

[illegible]

What do you call it?

THE [illegible]: It is a comparative report on the silk weaving industry in Canada, 1928 and 1929, [illegible] Yours.

BY Mr. KELLOCK: Q. And I see the survey is dated the [illegible], 1929, [illegible]

A. Made by me, sir.

[illegible]

"Comparative Report on the Silk Weaving Industry in Canada, 1930 and 1931, calendar years."

A. Yes.

Q. And then there is a note:

"This report does not include a silk throwsters or dyers doing custom work. Mills reporting produce silk fabrics. They also produce aritficial silk fabrics, which fabrics are included in the figure of "yards, other". Cotton mills or artificial silk yarn mills weaving artificial silk are not included in this report."

And then you give a comparative report of operations of 15 mills producing goods protected in budgets of September 1930, and June 1931, and you say:

"It should be noted that the full effect of the protection on silk fabrics is just being felt now,"

And "Now" would be February, 1932? A. That is correct.

Q. Continuing:

"--which is indicated by the following table of imports onto Canada under tariff ite No. 560A, during 1931:

Imports:	1st quarter	2,817,686	yds,	$1,607,029
2nd	2nd "	1,974,993	"	915,754
	3rd "	872,679	"	341,117
	4th "	279,129	"	167,838"

BY THE COMMISSIONER: Q. Did you say that was natural silk? A. That is silk fabrics, sir,

"Comparative Report on the silk weaving industry in Canada, 1930 and 1931, mimeographed report."

Q. Yes.

Q. And then there is a note:

"This report does not include a silk throwsters or dyers doing custom work. Mills reporting processes silk fabrics. They also process artificial silk fabrics, which fabrics are included in the figure of "yards, other". Cotton mills or artificial silk yarn mills reviews artificial silk are not included in this report."

And then you give a comparative report of operations of 15 mills producing goods processed in Canada of September 1930, and June 1931, and you say:

"It should be noted that the full effect of the protection on silk fabrics is just being felt now."

And "Now" would be February, 1932? A. That is correct.

Q. Now (reading):

"--which is indicated by the following table of imports into Canada under tariff item no. 500, during last:

Imports:	1st quarter	2,817,886 yds.	$1,8[illegible]
2nd	"	1,974,998 "	$[illegible]
3rd	"	874,[illegible] "	$[illegible]
4th	"	870,[illegible] "	[illegible]

Q. Did you say that a [illegible]

real silk fabrics.

Q. Real silk? A. Yes, those are real silk fabrics, my lord.

BY MR. KELLOCK: Q. Under the head of looms yousay:

"During 1931 the number of broad silk looms were increased and there is now enough machinery to take care of the whole home market."

Q. "Now" again referring to the date of the report? A. Exactly.

Q. And under the head of "Price" you say:

"The June changes in tariff were to take care of Canadian fabrics comparable to imported 10 momme. Before the change the Canadian price was 75¢ a yard, to-day, 65¢. While part of this reduction is due to a fall in the price of raw silk, the reduction is mainly due to savings in costs due to increased production in an assured market."

A. The June, ~~1931~~ referred to there, would be June 1931.

Q. Yes. What is "Momme." ? A. That is a certain weight classification.

Q. And you say before the change the Canadian price was 75 cents a yard, to-day 65 cents? A. That is correct.

Q. Is that the domestic price? A. That was the domestic price of competitive goods.

Q. At which the mills were selling? A. Yes.

real silk fabrics.

Q. And after [illegible] the real silk fabrics, my lord.

BY MR. MILLOWS: Q. Under the head of looms [illegible]:

"During 1921 the number of broad silk looms were increased and there is now enough machinery to take care of the whole home market."

Q. "Now" again referring to the date of the report?

A. Exactly.

Q. And under the head of "rice" you say:

"The June changes in tariff were to take care of Canadian fabrics comparable to imported looms. Before the change the Canadian price was 75¢ a yard, to-day, 69¢. While part of this reduction is due to a fall in the price of raw silk, the reduction is mainly due to savings in costs due to increased production in an assured market."

A. The June, 1924 referred to there, would be June 1[illegible]

Q. Yes. What is "looms"? A. That is a certain weight classification.

Q. And you say before the change the Canadian price was 75 cents a yard, to-day 69 cents?

A. That is correct.

Q. Is that the domestic price? A. That was the domestic price of competitive goods.

Q. And that was the decrease in price. Before the change the price was 75 cents a yard, and to-day 65¢--

MR. McRUER: I know, but he does not show what the price was outside; the price declined by about 40%.

MR. KELLOCK: There may be many reasons for it. I am just dealing with the fact that there was a decline in price. In other words, when the tariff went on the price was not maintained. This is what you say:

> "Before the change the Canadian price was 75¢ a yard, to-day, 65¢. While part of this reduction is due to a fall in the price of raw silk, the reduction is mainly due to savings in costs due to increased production in an assured market."

Now, is that your conclusion from the survey you made at the time? A. That is my conclusion, yes.

Q. My friend does not agree with it, but did you make a careful study of the question at the time? A. I talked to a goodly number of people on the point, and I think that is a correct statement.

Q. Then you show a summary of report from 15 mills, and you say that the employment figures do not include office of sales staff? A. That is correct.

Q. And the you show the number of employees in this industry, in 1930 to be 1,388; and in 1931, 1,973;

Q. And that was the decrease in price. Before the change the price was 75 cents a yard, and to-day is—

MR. MCGUIGAN: I know, but he does not know what the price was outside; the price declined by about 40%.

MR. KELLOCK: There may be many reasons for it. I am just dealing with the fact that there was a decline in price. In other words, when the tariff went on the price was not maintained. This is what you say:

"Before the change the Canadian price was 75¢ a yard, to-day, 55¢. While part of this reduction is due to a fall in the price of raw silk, the reduction is mainly due to savings in costs due to increased production in an assured market."

Now, is that your conclusion from the survey you made at the time? A. That is my conclusion, yes.

Q. My friend does not agree with it, but did you [illegible] of the quantity of the tariff [illegible] a greatly inflated [illegible] the [illegible] I think that is a correct statement.

Q. Then you show a summary of report from Mr [illegible], and you say that the employment figures do not include office or sales staff? A. That is correct, [illegible]

an increase in number of 588, and in increase in percentage of 43.1? A. That is correct.

Q. And then you show the hours of labour, in 1930 as 3,411,714; and, in 1931, 5,145,199, - an increase in hours of 1,733,485, and, on a percentage basis, an increase of 50.8 per cent. A. That is correct.

Q. And then, under the heading of production, showing yards, dealing with silk first, in 1930 you show 5,172,269; and, in 1931 you show 9,330,905, an increase in yards of 4,165,636, and, on a percentage basis, 79.1%? A. That is correct.

Q. And yards, other, - will you explain "other" there? A. I think I explained that up above. I say: "They also produce artificial silk fabrics, which fabrics are included in the figure of "Yards other".

Q. Well then, when you are talking about "Yards other" you are dealing principally with artificial silk? A. Yes, principally artificial silk.

Q. And, in 1930, the yards are 839,977, and the 1931, 1,308,278? A. Yes.

Q. An increase in yards of 468,301? A. That is correct.

Q. And on a percentage basis 55.7 per cent? A. That is correct.

Q. Then you say that the expenditure on plants since September, 1930, - and up to the date of your

an increase in number of cows, and in increase in percentage of 44.17? A. That is correct.

Q. And then you show the means of labour, in 1930 as 3,411,714; and, in 1931, 3,149,139, - an increase in hours of 1,738,400, and, on a percentage basis, an increase of 30.8 per cent. A. That is correct.

Q. And then, under the heading of production, showing yards, dealing with milk first, in 1930 you show 3,172,265; and, in 1931 you show 5,[illegible], an increase in yards of 4,165,636, and, on a percentage basis, 77.13? A. That is correct.

Q. And yards, other, - will you explain "other" there? A. I think I explained that up above. I say: "They also produce artificial milk in pies, which fabrics are included in the figure of "yards other".

Q. Well then, when you are talking about "yards other" you are dealing principally with artificial milk? A. Yes, principally artificial milk.

Q. And, in 1930, the yards are 668,877, and in 1931, 1,308,878? A. Yes.

Q. An increase in yards of 639,001? A. That is correct.

Q. And on a percentage basis 95.7 per cent? A. That is correct.

Q. Then you say that the expenditure on plus s since September, 1929, - and up to the date of your

report, I presume? A. It was up to the end of the year. That was, if I remember correctly, the thing asked for.

Q. Well then, expenditure on plants in that period was $877,500? A. That is correct.

Q. So that after the budgets of September, 1930, and June, 1931, that is the story so far as the broad silk mills are concerned? A. Well, the fifteen mills reported. I am not sure whether there are any more or not.

Q. Well then, Mr. Hallam, about the same time did you make a study of the situation among the woollen and worsted cloth mills? A. I made a similar survey for the woollen and worsted cloth mills.

Q. I am showing you this document. Is this the survey which you made? A. Yes.

Q. Have you another copy of this, Mr. Hallam? A. No, that is the only copy we have on our files.

MR. KELLOCK: I am very sorry, my lord, we only have the one copy. This will be Exhibit No. what?

THE COMMISSIONER: Exhibit No. 638. What is this?

MR.KELLOCK: This, my lord, is a summary of reports from 40 Canadian mills producing woollen and worsted cloths.

THE COMMISSIONER: And dated?

MR. KELLOCK: And it is dated 17th February, 1932.

Q. And, of these 40 Canadian mills, you say that 27 produced only woollen cloth? A. That would be

report, I presume? A. It was up to the end of the year. Then was, if, consumer purchasing, the wind asked for.

Q. Well then, expenditure on plants in that period was $277,000? A. That is correct.

Q. So that after the months of September, 1930, and June, 1931, that is the story so far as the broad silk mills are concerned? A. Well, the fifteen mills reported. I am not sure whether there are any more to come.

Q. Well then, Mr. Hallam, about the same time did you make a study of the situation among the woollen and worsted cloth mills? A. I made a similar survey for the woollen and worsted cloth mills.

Q. I am showing you this document. Is this one of those mills you survey? A. Yes.

Q. Have you another copy of this, Mr. Hallam? A. No, that is the only copy we have on our files.

MR. KELLOCK: I am very sorry, my lord, we only have the one copy. This will be Exhibit No. ninety.

THE COMMISSIONER: Exhibit No. 600. That is the

MR. HALLAM: This, my lord, is a summary of reports from 40 Canadian mills producing woollen and worsted goods.

THE COMMISSIONER: And dated?

MR. KELLOCK: And it is dated 17th February, 1932.

Q. And, of these 40 Canadian mills, you say that they produced only woollen cloth? A. That would be

correct. I have not got the report, but that would be correct.

Q. And you say six of them produced worsted and woollen cloths? A. That is correct.

Q. And 7 produced only worsted clothes?
A. That is correct.

Q. And under the heading of "spinning" you say, that 31 mills reporting have spinning equipment?
A. Yes, that would be correct.

Q. Then you go on to show the results of tariff changes.

MR. McRUER: You have not a copy of this, Mr. Kellock?

MR. KELLOCK: I am sorry, Mr. McRuer. This only developed yesterday and I have had no opportunity to have copies struck off.

MR. McRUER: Are not these dated back?

MR. KELLOCK: Oh, yes.

BY MR. KELLOCK: Q. Under the heading "Results of tariff changes" you say:

> 1. Eight of the mills reporting are new ventures or closed plants which re-opened."

A. That would be correct.

Q. And the second result that you say is:

> "If tariff changes had not been made the 8 mills referred to would not be operating and many of the other mills would have been closed down."

Was that the result of your study at that time?

correct. I have not got the report, but that would be correct.

. And you say six of them produced worsted and woollen goods? — That is correct.

. And 7 produced only worsted clothes?

A. That is correct.

. And under the heading of "Spinning" you say, that 51 mills reporting have spinning equipment?

— Yes, that would be correct.

. Then you go on to show the results of tariff changes.

MR. HOLDEN: You have not a copy of this, Mr. Kellock?

MR. KELLOCK: I am sorry, Mr. Holden. This was developed yesterday and I have had no opportunity to have copies struck off.

MR. HOLDEN: Are not these extra briefs?

MR. KELLOCK: Oh, yes.

BY MR. KELLOCK: . Under the heading "Results of tariff changes" you say:

I. Eight of the mills reporting are now ventures or closed plants which re-opened."

. That would be correct.

. And the second result that you say is:

"If tariff changes had not been made the 3 mills referred to would not be operating and many of the other mills would have been closed down."

A. Yes. There were a large number of mills closed down in that year.

Q. And then you say, that prices have been substantially reduced since the tariff increase.?

A. I think that is correct.

Q. Then, you have a table showing the comparative operation between 1930 and 1931, and you explain that the "employment figures do not include office or sales staff"? A. Yes.

Q. In 1930 the employees are shown at 3775 and in 1931 4,551. There is an increase in the number of employees of 776, and on a percentage 20.5%.

MR. McRUER: This is in what kind of mills?

MR. KELLOCK: This is in woollen and worsted cloth mills.

THE COMMISSIONER: Is that in the whole 40 mills?

MR. KELLOCK: Yes, my lord, it deals with the whole 40 mills. Then, the hours of labour in 1930 were 8,950,902 and in 1931 they were 11,084,801, an increase in the hours of 2,133,999 and on a percentage basis 23.8%. Then, you deal with production and the first is tweeds in yards in 1930, 653,790 and in 1931 1,140,672, an increase of 486,882 yards, and on a basis of per cent. 74.4%. In overcoating, yards produced in 1930 were 698,817 and in 1931 1,086,750, or an increase in yards of 387,933 or 55.5%. As to other woollen cloth, yards produced in 1930 were 2,307,547 and in 1931 3,363,933, an increase in yards of 1,056,386 or 45.7%? A. Correct.

Q. Then, the totals of the woollen cloth in 19-- A. Is that wool cloth or woollen cloth?

Q. Wool cloth.

BY THE COMMISSIONER: Q. What is the difference between wool cloth and woollen cloth? A. Well,

Q. Then, you have a basis showing the comparative operations between 1930 and 1931, and you explain that the "employment figures in the textile office or wholesale"?

A. Yes.

Q. In 1930 the employees are shown at 8778 and in 1931 6,981. There is an increase in the number of employees of 776, and a percentage 20.8%.

A. BOWEN: This is in what kind of mills?

Q. KELLOGG: This is in woollen and worsted cloth mills.

THE COMMISSIONER: In that the whole 40 mills?

A. BOWEN: Yes, my lord. It deals with the 40 mills. Then, the hours of labour in 1930 were 8,390,302 and in 1931 they were 11,064,071, an increase in the hours of 2,1[illegible],769 and of a percentage basis 32.8%. Then, you deal with production and the first is bales in yards in 1930, 8[illegible],790 and in 1931 1,149,878, an increase of 4[illegible],088 yards, and on a basis of per cent. 74.4%. In overcoating, [illegible] in 1930 were 6[illegible],417 and in 1931 1,[illegible],768, or an increase in yards of 8[illegible],394 or 54.1%. In a [illegible] woollen cloth, yards produced in 1930 were 2,[illegible] and in 1931 3,365,[illegible], an increase in yards of 1,[illegible] 885 or 44.7%?

A. Correct.

Q. Then, the totals of the woollen cloth in 19--

A. In that wool cloth or woollen [illegible]

Q. Wool cloth.

BY THE CHAIRMAN: Q. What is the difference between wool cloth and woollen cloth? A. [illegible]

woollen cloth is a type of cloth --there is woollen cloth and there is worsted; woollen cloth is made on what we call the woollen principle. It is made from carded yarns and not from comb yarns. The suit I have on, it is a flannel suit and is made on the woollen principle. I think the suit you have got on, my lord, is made on the worsted principle, it is hard yarn.

Q. Is that why it is cheaper? A. No, sir, more expensive, sir. The worsteds are usually more expensive than the woollens, sir. That is a woollen there (Referring to Mr. Kellock's suit).

MR. McPUGH: You will have a worsted before it is over.

MR. KELLOCK: It is feeling very much worsted now. These totals I am going to deal with, I take it they are the totals of the figures just given?

A. Yes, they are the totals of the figures just given.

Q. Do they include the tweeds up here?

A. Yes, including the tweeds, overcoating and other woollen cloths. I am sorry to interrupt you on that but I thought maybe it was wrong.

Q. Then, the totals of the types of cloth just dealt with in 1930 were 3,660,154 yards and in 1931, 5,591,355, an increase in yards of 1,931,209 or 52.7%. Then, to deal with worsteds and serges; in 1930 the production was in yards, 2,036,477 and in 1931, 1,998,043 yards, a decrease in yards of 38,434 or in percentage 1.8%. Then, the total picture on both woollen and mixtures in 1930 the production was

woollen cloth is a type of cloth --there is woollen cloth and there is worsted; woollen cloth is made on what we call the woollen principle. It is made from carded yarns and not from comb yarns. The suit I have on, it is a flannel suit and is made on the woollen principle. I think the suit you have got on my lord, is made on the worsted principle. It is hard yarn.

Q. Is that why it is cheaper? A. No, sir, more expensive, sir. The worsteds are usually more expensive than the woollens, sir. That is a woollen there (Referring to Mr. Kellock's suit).

Mr. McKEAN: You will have a worsted before it is over.

These totals I am going to deal with. I take it they are the totals of the figures just given?

A. Yes, they are the totals of the figures just given.

Q. Do they include the tweeds up here?

A. Yes, including the tweeds, overcoating and other woollen clothes. I am sorry to interrupt you on the but I thought maybe it was wrong.

Q. Then, the totals of the types of cloth just dealt with in 1930 were 3,660,164 yards and in 1931, 2,891,886, an increase in yards of 1,861,809 or 52. Then, to deal with worsteds and serges; in 1930 the production was in yards, 5,096,477 and in 1931, 1,996,043 yards, a decrease in yards of 33,434 or 1 percentage 1.6. Now, the tweed yarns -- both

5,696,631 yards and in 1931 7,589,398, an increase of 1,892,767 yards or 33.2%. Then you say:

"No reports were received from 14 mills operating an average of 5.5 looms each, or a total of 77 looms. The report does not include mills producing cut pile fabrics."

A. Yes, sir, we did not include cut pile fabrics in that.

Q. Then, about the same time did you have occasion to deal with the situation of the knitting mills?

A. Yes, I made a report at the same time on the knitting mills.

Q. What kind of knitting mills, woollen?

A. No, I say in my report --

BY THE COMMISSIONER: Q. Is this another report?

A. This is another report made at the same time.

THE COMMISSIONER: Summary of reports from 66 mills in the knitting group; it will be exhibit 639.

EXHIBIT NO. 639: Summary of reports from 66 mills in the knitting group.

THE COMMISSIONER: What is the date of it?

BY MR. KELLOCK: Q. Mr. Hallam, this does not bear a date? A. No, it was done at the same time, sir.

Q. February, 1932? A. February, 1932, at least, in that month.

Q. Yes; then, you show in this summary that "these mills mainly produced socks and stockings, other knitted goods, and yarns for the knitting trade. The Census of Industry report for 1929 lists 159 knitting mills. This summary covers

5,396,651 yards and in 1931 7,849,726, an increase of 1,892,767 yards or 36.8%. Then you say:

"Reports were received from 14 mills operating an average of 5.5 looms each, or a total of 77 looms. The report does not include mills producing cut pile fabrics."

A. Yes, sir, we did not include cut pile fabrics in that.

Q. Then, about the same time did you have occasion to deal with the situation of the knitting mills?

A. Yes, I made a report at the same time on the knitting mills.

Q. What kind of knitting mills, woollen?

A. No, I say in my report --

BY THE COMMISSIONER: Q. Is this another report?

A. This is another report made at the same time.

THE COMMISSIONER: Summary of reports from 66 mills in the knitting group; it will be exhibit 639.

EXHIBIT NO. 639: Summary of reports from 66 mills in the knitting group.

THE COMMISSIONER: What is the date of it?

BY MR. PELLOCK: Q. Mr. Mullen, this does not be[illegible] -- No, it was done at the same time [illegible] at least, in that month.

[illegible] "these mills which produced knit [illegible] other knitting goods, and yarns for the knitting trade. The Bureau of Industry report for 1932

"roughly over one half of the employment offered by the industry. This report shows strikingly the effect of protection and lack of protection." That is your conclusion? A. That was my conclusion.

Q. "Socks and stockings and yarns were protected in 1930 and other knit goods were not protected." Then, you have a table which is headed "Summary of 66 Mills," and you show the production in 1930 of socks and stockings at 29,735,832 pairs? A. Yes, that is pairs.

Q. In 1931, 40,089,624 pairs?

A. That is correct.

Q. That is an increase of 10,353,792 or 30.87%?

A. Yes, that would be correct.

Q. Then, the production of yarns for sale in 1930 -- A. That is inside this group of mills; it would not be the whole of Canada. It happens to be in this group of mills.

Q. These 66 mills? A. Correct.

Q. Yarns for sale in 1932 were 3,897,425 pounds and in 1931, 4,548,655 pounds, an increase of 651,230 pounds or 16.6% --

THE COMMISSIONER: Well, to be accurate, it is 651 in my copy.

MR. KELLOCK: I am sorry, my lord; mine is not quite such a good copy. Yes, 651,230. Then you say other knit goods in 1930, in dollars this time, $8,792,526 and in 1931 $6,983,782, that is a decrease of $1,808,744 or 20.5%. Now, that is a production that was not protected, as you point out?

"roughly over one half of the employment offered by the industry. Main reason given officially the effect of protection and lack of protection."

That is your conclusion? A. That was my conclusion.

"Thirty-one abandoned and twenty were operating in 1930 and other mill goods were not protected."

Then, you have a table which is headed "Summary of 66 Mills," and you show the production in 1930 of goods and stockings at 29,726,835 pairs? A. Yes, that is in dozens.

Q. In 1931, 40,059,624 pairs?

A. That is correct.

Q. That is an increase of 10,332,789 or 34.7%?

A. Yes, that would be correct.

Q. Then, the production of yarns for sale in 1930 -- A. That is include this group of mills; it would not be the whole of Canada. It happens to be in this group of mills.

Q. These 66 mills? A. Correct.

Q. Yarns for sale in 1930 were 5,897,145 pounds and in 1931, 4,542,355 pounds, an increase of 661,[illegible] pounds or 16.0% --

THE COMMISSIONER: Well, to be accurate, it is 661 in my copy.

MR. KNOX: I am sorry, My lord; mine is not quite such a good copy. Yes, 661,140. Then you say other knit goods in 1930, in dollars this [illegible] 1,722,[illegible] -- that is a [illegible] 1,[illegible]. Now, that is a [illegible]

A. Yes, that is production on knit goods. It comes under another tariff item.

MR. McRUER: There is a decrease in dollars?

MR. KELLOCK: Yes.

MR. McRUER: But you don't show whether it is an increase or decrease in volume.

THE WITNESS: You cannot get that figure, sir.

MR. McRUER: The thing is whether the price was lower on these goods. If there was the same unit maintained and the price lowered it might be informative.

THE WITNESS: Mr. McRuer's criticism is quite just. It was impossible owing to the vast variety of goods turned out. We can obtain stocks in stockings in quantities but it is very difficult to obtain it in knit goods. The Dominion Bureau of Statistics does so but in order to get this thing through in a reasonable time, I was unable to obtain it, but I think that is answered a little lower down in the effect shown on employment.

MR. KELLOCK: Perhaps, then, we will come to it. You show the hours of labour in 1930 - no, I am sorry, dealing with the item of products not specified. You show products not specified, $1,068,744 --

THE COMMISSIONER: 774.

MR. KELLOCK: $1.068,774 in 1930 and in 1931 $863,705, a decrease of $205,072 or 28.6%. Then, you show hours of labour in 1930 as 21,733,628 and in 1931 22,441,106, an increase of 707,478 hours or 3.2%.

A. Yes, that is production on Bell's goods. It comes under another tariff item.

Mr. ROBB: There is a decrease in delivery

Mr. KELLOCK: Yes.

Mr. McLEAN: But you don't show whether it is an increase or decrease in volume.

THE WITNESS: You cannot get that figure, sir.

Mr. McLEAN: The thing is whether the price was lower on these goods. If there was the same unit maintained and the price lowered it might be informative.

THE WITNESS: Mr. Lemer's criticism is quite just. It was impossible owing to the wide variety of goods turned out. We can elevate stocks in stocking in quantities but it is very difficult to obtain it in unit goods. The Statistics Bureau statistics does as but in order to get this thing through in a reasonable time, I was unable to compile it, but I think that is somewhat a little lower down in the [illegible].

Mr. KELLOCK: Perhaps, then, we will come to it. You show the hours of labour in 1930 - no, I am sorry, dealing with the item of products not specified. You show production not specified, $1,068,744 --

THE COMMISSIONER: 774.

Mr. KELLOCK: $1,068,774 in 1930 and in 1941 $2[illegible],774, a decrease of [illegible]. Then, you show hours of labour in 1930 as 21,[illegible],658 and in 1941 24,441,186, an increase of 707,475 hours or 3.2%.

You show employees in 1930 as being 9,728 and in 1931 9,696, a decrease in number of 32 or .3%?
A. That is correct.

Q. You also explain that "these employment figures do not include office or sales staff". You show capital expenditure since September, 1930 of $1,105,360? A. Yes, that is right.

Q. Under the heading of "employment" you say:

"Roughly speaking the employment lost in producing knit goods which were not protected was picked up in the production of socks and stockings which were protected."

Then, you give an example; is this an actual example?
A. Yes, it is an actual example. It was obtained from questionnaires.

Q. "A mill producing both socks and stockings and other knit goods reported as follows":---then, under average number of employees on hosiery in 1930 -- that would be protected? A. Thatis protected.

Q. 217 in 1930 and in 1931, 258. On knit goods 451 in 1930 and 410 in 1931, the total result being in 1930 668 employees and in 1931 the same figure?
A. Yes. I obtained those figures from one of the mills. I asked them about the matter and I think that shows that employment dropped in the knit goods and went on the hosiery; it was general in the trade. Could I have that just one moment? I might explain that when I say that knit goods were not protected there was an increase on the British preferential

You show employees in 1930 as being 9,708 and in 1931 9,696, a decrease in number of 12 or .2%

A. That is correct.

Q. You also explain that "these employment figures do not include office or sales staff". You show capital expenditure since December, 1930 of $1,105,3607 A. Yes, that is right.

Q. Under the heading of "unemployment" you say: "roughly speaking the employment lost in producing knit goods which were not protected was picked up in the production of socks and stockings which were protected."

Then, you give an example; is this an actual example? A. Yes, it is an actual example. It was obtained from [illegible].

Q. "A mill producing both socks and stockings and other knit goods reported as follows":---then, under average number of employees on Hosiery in 1930 -- that would be protected? A. Yes, it would be protected.

Q. 317 in 1930 and in 1931, 324. In knit goods 451 in 1930 and 410 in 1931, the total result being in 1930 668 employees and in 1931 the same figures? A. Yes. I obtained those figures from one of the mills. I asked them about the matter and I think [illegible] and went on the basis; it was general in the trade. Could I have that just one moment? I might explain that when I say that knit goods were not protected

in the knit goods item, sir, of 2½% less 10, that is to say, the net increase was 2¼%, but owing to the French treaty there could be no increase in the duty rates from I think 17 or 20 foreign countries which was standing at 25%. There was an increase -- I don't want any misunderstanding -- there was an increase in the British preferential of 2½% less 10, which was an increase of 2¼% whereas the French treaty rate remained at 25%.

Q. Then, the point was that in the previous budgets that you have mentioned, of September, 1930 and June, 1931, there was increased protection for socks and stockings and yarns? A. Yes, sir.

Q. But with the exception of a slight increase of British preferential, which you mentioned, there was no increase for other knit goods?

A. There may have been in the general tariff. There was no increase from 22 foreign countries, though; that was under the French treaty. All the countries that the French treaty applied to, there was no increase.

Q. Now, my friend asked you yesterday --

MR. McRUER: What number was that last exhibit?

MR. KELLOCK: 639. My friend asked you yesterday, or rather made a statement to you with which you agreed that you, your Associations, since the letter to Mr. Bennett of 1931 which was referred to, your Associations had done nothing to increase wages. I want to ask you, Mr. Hallam, if any of your Associations at any time have had anything to do with wages? A. No.

Q. What I am asking you is, is one of the jobs

in the knit goods item, sir, of 44% lines 10, that is to say, the net increase was 24%, but owing to the French treaty there could be no increase in the duty rates from I think 17 or 20 foreign countries which was amounting at 44%. There was an increase -- I don't say misunderstanding -- there was an increase in the British preferential of 2½ lines 10, which was an increase of 44% across the French treaty rate amounted at 24%.

Q. Then, the pattern that is the previous budget that you have mentioned, of September, 1930 and June, 1931, there was increase relating to knitted stockings and yarns? A. Yes, sir.

Q. But with the exception of a slight increase of British preferential, which you mentioned, there was no increase for other knit goods?

A. There may have been in the general tariff. There was no increase from 22 foreign countries, though that was under the French treaty. All the countries that the French treaty applied to, there was no increase.

Q. Now, my friend asked you yesterday --

MR. BOSLEY: What number was that last exhibit?

MR. WHITCOX: 639. My friend asked you yesterday or rather made a statement to you with which you agreed that you, your association, since the letter to Mr. Bennett of 1931 which was referred to, your association had done nothing to increase wages. I want to ask Mr. Dalim, if any of your association at any time have had anything to do with wages? A. No.

of any of your Associations anything that includes dealing with wages in any way; is that part of your business? A. No, that would be correct. We made a wage survey for the Tariff Board at one time and we may have reported, I think one other time we made a report on wages but that was all we did. Any time we were asked we did it.

Q. What I mean is that the matter of wages is a matter for the individual mill, or is it something which you, as an association, deal with?
A. The individual mill.

Q. Has that been the story always throughout the history of your associations?
A. That has been all the way through.

Q. Now, can you give us any information as to the comparative rates of wages as paid in the Canadian industry and in England since 1930 and 1931?
A. In an exhibit put in yesterday by Mr. McRuer there is a table.

Q. Which is that? A. That was the big heavy document on the cotton industry. Mr. Berry can get it.

Q. Exhibit 600 - may I have that please?

THE COMMISSIONER: 600 was not put in yesterday. 600 is merely a letter.

MR. KELLOCK: Together with the attachment.

MR. McRUER: Yes, it would be 600; I think it is the big brief.

THE COMMISSIONER: It is just a letter from Mr. Berry to Mr. Tolmie.

of any of your associations anything that includes dealing with wages in any way; is that part of your business?

A. No, that would be correct. We made a wage survey for the Dairy Board at one time and we may have reported, I think one other time we made a report on wages but that was all we did. Any time we were asked we did it.

Q. What I mean is that the matter of wages is a matter for the individual mill, or is it something which you, as an association, deal with?

A. The individual mill.

Q. Has that been the story always throughout the history of your association?

A. That has been all the way through.

Q. Now, can you give us any information as to the comparative rates of wages as paid in the Canadian industry and in England since 1920 - a rough?

A. In an exhibit put in yesterday by Mr. Monnet there is a table.

Q. Which is that? A. That was the big heavy document on the cotton industry. Mr. Perry can get it.

Q. Exhibit 800 - may I have that please?

THE COMMISSIONER: Why see how not in chronology. 800 is merely a letter.

MR. LEDUCQ: Together with the attachment.

MR. MONNET: Yes. It would be more, I think it is the big brief.

THE COMMISSIONER: It is just a letter from

MR. KELLOCK: It includes the memorandum, my lord.

THE COMMISSIONER: A memorandum about wages?

MR. KELLOCK: It is a memorandum on the cotton industry, the memorandum itself being dated the 8th of June, 1936.

THE COMMISSIONER: Is it about wages?

MR. KELLOCK: I am going to ask the witness if he will say what it is. Now, what page are you referring to of that memorandum?

A. It is Reference 3 attached to it.

Q. About a quarter of the way through, my lord; it is a yellow sheet, it is the third yellow sheet, my lord. What does that show on that subject?

A. This says: "Cotton industry wages in Canada and Great Britain. In February, 1934"--

MR. McRUER: You might tell us what this sheet is. I filed it, but I did not want to take up the time.

MR. KELLOCK: It is a sheet headed--

MR. MCRUER: No, Mr. Hallam can tell us.

MR. KELLOCK: He is starting to tell you.

MR. McRUER: He is starting to tell you what is in it?

MR. KELLOCK: I don't know what else he can do.

MR. McRUER: I want to know what it was prepared for, what purpose.

MR. KELLOCK: Well, you put it in.

MR. McRUER: Well, my friend suggests I put it in. I am not vouching for everything that is put in.

THE COMMISSIONER: I think the letter from Mr. Berry

MR. MILLOCK: It involves the memorandum, my Lord.

THE COMMISSIONER: A memorandum about wages?

MR. MILLOCK: It is a memorandum on the cotton industry, the memorandum itself being dated the 6th June, 1926.

THE COMMISSIONER: Is it about wages?

MR. MILLOCK: I am going to ask the witness it will say what it is. Now, what wage are you referring to of that memorandum?

A. It is Reference 3 attached to it.

Q. About a quarter of the way through, my Lord; it is a yellow sheet. It is the last yellow sheet, my Lord. What does that show on that subject?

A. This says: "Cotton industry wages in Canada and Great Britain. In February, 1926"--

MR. MONDER: You might tell us what this sheet is. I filed it, but I did not want to take up the time.

MR. MILLOCK: It is a sheet headed--

MR. MONDER: No, Mr. McIlam can tell us.

MR. MILLOCK: He is starting to tell you.

MR. MONDER: He is starting to tell you what is in it.

MR. MILLOCK: I don't know what else he can do.

MR. MONDER: I want to know what it was prepared for, what purpose.

MR. MILLOCK: Well, you put it in.

MR. MONDER: Well, my friend suggests I put it in. I am not vouching for everything that is put in.

THE COMMISSIONER: I think the letter from Mr. [illegible]

to Mr. Tolmie shows what it was prepared for, to be used in connection with the revision of the Canada-United Kingdom trade agreement.

THE WITNESS: It was sent down to the Finance Minister and the Minister of Trade and Commerce.

BY MR. KELLOCK: Q. Will you continue, Mr. Hallam, please? A. Reference 3, "Cotton Industry Wages in Canada and Great Britain."

"In February, 1934 the most reliable sources available indicated that the average hourly wage to employees in Canadian mills was over 60 per cent higher than the average hourly wage in Great Britain. This represented the difference between an average hourly rate in Canada of 26.64 cents per hour and in Great Britain of 16.58 cents per hour (1); figures which were derived from surveys covering the whole industry.

Since the periods for which those rates are calculated there have been wage increases in Canada of from 5 percent to 10 percent in the greater part of the industry. But it does not appear that any great change has occurred in Great Britain since that time, as the average hourly rate which can be derived from a census of weavers' wages published on May 2nd, 1936, for a recent period showed wages averaging 16.52 cents per hour (2)."

BY MR. McPHERSON: Q. Where did that come from? A. The first reference to the first paragraph I read —

to Mr. Tulmie above what it was prepared for, to be used in connection with the revision of the Canada-United Kingdom trade agreement.

THE PRESIDENT: It was sent down to the Finance Minister and the Minister of Trade and Commerce.

BY MR. DUNCOMB: Q. Will you continue, Mr. Mallam?

A. Paragraph 3, "Relative Liability Wages in Canada and Great Britain."

"In January, 1934 the most reliable sources available indicated that the average hourly wage to employees in Canadian mills was over 60 per cent higher than the average hourly wage in Great Britain. This represented the difference between an average hourly rate in Canada of 56.64 cents per hour and in Great Britain of 16.38 cents per hour (1); figures which were derived from surveys covering the whole industry.

Since the periods for which these rates are calculated there have been increases in wages of from 5 percent to 10 percent in the pre-war part of the industry. But it does not appear that any great change has occurred in Great Britain since that time, so the average hourly rate which can be calculated from a comparison of workers' wages published on May 2nd, 1936, for a recent period showed wages are equal to 26.4 cents per hour (1)."

BY MR. MOTHER: Q. Where did that come from?

BY MR. KELLOCK: Q. Mr. McRuer just want this one? A. From figures reported in the Manchester Guardian, May 2nd, 1936.

MR. McRUER: These are all out of line with what other figures we have had.

THE WITNESS: I am sorry there are two references, sir. From figures reported in the Manchester Guardian of May 2nd, 1936.

BY THE COMMISSIONER: Are you referring to the second paragraph or the first paragraph?
A. The second paragraph, sir.

Q. May what? A. May 2nd, 1936, and then the particulars of that are attached, sir, page 3 of Reference 3.

BY MR. KELLOCK: Q. You have got the particulars of that there? A. Yes, of how that was arrived at.

Q. The particulars of both notes, in fact?
A. Now, the first paragraph, my lord was from a statement of the British Ministry of Labour Gazette, and the particulars of that are contained in page 2 of Reference number 3.

"Canadain Average Wage: 26.64 cents per hour, all employees, girls, boys, adult females and adult males. Page 2696, Minutes of Royal Commission on Price Spreads. Table shows wages paid in 2 week periods in February, 1934. This figure was obtained as a result of a questionnaire which covered occupation, number

"employed, total actual hours worked, total actual wages paid and average hourly rates." That was the Royal Commission own questionnaire and compilation. We thought we would have to prepare it, and the Commission employed accountants. "This figure was presented to the Royal Commission in December, 1934. The following wage increases between the date of the survey and December, 1934, are noted in the Minutes of the Price Spreads Commission: -

Dominion Textiles, 5% increase in April, 1934 (Minutes, page 2700)

Canadian Cottons, 5% increase in April, 1934 (Minutes, page 2700)

Empire Cotton Mills, Ltd., 5% increase May 1, 1934 (Minutes, page 2701)

Goodyear Cotton Co., 10% increase June 1, 1934 (Minutes, page 2701)"

Q. These were your figures on the cotton industry; have you anything on the woollen and knitting industry? A. I have in my hand a memorandum dated June 5th, 1936--

BY THE COMMISSIONER: Q. Is this a separate memorandum? A. It is a separate memorandum, sir.

Q. Not part of this Exhibit?

A. It was prepared at the same time and for the same use as the memorandum on the cotton goods which we have just been referring to there.

Q. This will be a new Exhibit, then?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: 640.

"employed, total actual hours worked, total actual wages paid and average hourly rates."

That was the Royal Commission own questionnaire and compilation. We thought we would have to prepare it, and the Commission employed accountants. "This figure was presented to the Royal Commission in November, 1934. The intervening page [illegible] between the date of the survey and December, 1934, are noted in the Minutes of the Price Spreads Commission -

Dominion Textiles, 5% increase in April, 1934 (Minutes, page 2700)

Canadian [illegible], 8% increase in April, 1934 (Minutes, page 4705)

Empire Cotton Mills, Ltd., 5% increase May 1, 1934 (Minutes, page 4701)

Dominion Rubber Co., 10% increase June 1, 1934 (Minutes, page 4701)"

Q. These were your figures on the cotton industry; have you anything on the woollen and knitting industry?

A. I have in my hand a memorandum dated June 5th, 1940—

BY THE COMMISSIONER: Q. Is this a separate memorandum? A. It is a separate [illegible], etc.

Q. Not part of this Exhibit?

A. It was prepared at the same time and for the same [illegible] as the [illegible] which I have just been referring to there.

Q. This will be a new Exhibit, then?

MR. KENNEDY: Yes, my lord.

THE COMMISSIONER: [illegible]

EXHIBIT 640: Memorandum of woollen and knitting industry.

BY THE COMMISSIONER: Q. What is it, a memorandum of what? A. The woollen and knitting industry. It is on the "Woollen and Knitting Industry", it is headed.

Q. What is the date of it?

A. I am sorry, sir, May 26th, 1936.

Q. Tell us first who was it prepared for?

A. This was sent down to the Finance Minister and the Minister of Trade and Commerce.

BY MR. KELLOCK: Q. What part of that are you going to refer to now? A. It is a rather long report. I was just trying to find the pages. It is on the first page, my lord, of the report, and paragraph number 2. It is headed "Comparative wage rates and wage costs". The paragraph says: "The Tariff Board says on wage costs"--

Q. Where is that from? A. Pardon?

Q. Where is that from? A. I am quoting the Tariff Board report which is tabled in the House of Commons.

"'It has been established that hourly wages in Canada exceed those paid for corresponding occupations in the United Kingdom by 55 to 60 percent in the woollen industry, 76 to 78 percent in the worsted spinning industry, and 65 to 75 percent in the worsted weaving industry. It is extremely difficult to measure accurately, from the data available, the difference between labour

Q. Is that a quotation or extract from an Industry?

A. The woollen and knitting industry. It is on the "Woollen and Knitting Industry", it is labeled.

Q. What is the date of it?

A. I am sorry, sir, May 20th, 1921.

Q. Tell us first who was it presented for?

A. This was sent down to the Finance Minister and the Minister of Trade and Commerce.

MR. [illegible]: Q. What part of that are you going to refer to now?

A. It is a rather long report. I was just trying to find the passage. It is on the first page, my lord, of the report, and paragraph number 2. It is headed "Comparative wages and wage costs". The paragraph says: "The Tariff Board says on wage costs"--

Q. Where is that from? A. Footnote.

Q. Where is that from? A. I am quoting the Tariff Board report which is headed in the Hansard [illegible].

" 'It has been established that hourly wages in Canada exceed those paid for corresponding occupations in the United Kingdom by 55 to 60 percent in the woollen industry, 70 to 75 percent in the worsted spinning industry, and 65 to 70 percent in the worsted weaving industry. It is extremely difficult to measure accurately, from the data available, the difference between labor

" 'costs per unit of output, but in the absence of evidence to show any substantial difference in the efficiency of labour, there is no reason to suppose that the excess of Canadian labour costs in this industry is substantially the same as the excess of hourly wage rates' ".

BY THE COMMISSIONER: Q. When did the Tariff Board say that? A. That is--

Q. You do not show that?

A. No, I am sorry sir, I may have the reference. They reported in 1935, sir.

Q. 1935? A. Their final report. I supplemented that repor by a letter to both the Finance Minister and the Minister of Trade and Commerce. It ought to really go in as part of that Exhibit. It was supplementary to that report.

Q. That is the letter you sent to the Minister, you sent a letter enclosing this?

A. I sent the letter down, sir.

Q. Have you got the letter here?

A. No, but I can get it, sir. It is just bringing the figures up to date. I thought the Commission ought to have it. It has got nothing to do with wages. It is just bringing other figures up to date contained in that report.

BY MR. HELLOCK: Q. Well, we were dealing particularly with wages?

A. It was just part of the report.

Q. Well, as it does not deal with wages I don't

" cents per unit of output, but in the absence of evidence to show any substantial difference in the efficiency of labour, there is no reason to suppose that the wages of average labour

5 earned in this industry is proportionately the same as the amount of hourly wage rates".

BY THE COMMISSIONER: Q. When did the Toronto Boot Shop start? A. Just lately.

10 Q. You do not know that?

A. No, I am sorry sir. I may have the references. They reported in 1928, sir.

Q. Yes? A. Their final report. I

quote from that report by a letter to both the Minister Minister and the Minister of Labour and Commerce. It ought to modify up in an post of that kind. It was supplementary to that report.

15 Q. That is the letter you read to the Minister.

You sent a letter accompanying that?

A. I sent the letter down, sir.

Q. Have you got the letter here?

A. No, but I can get it, sir. It is just bringing the Commission up to date. I thought the Commission ought to know it. It had got to belong to do so it

20 urges. It is just bringing other Commission up to date contained in that report.

BY MR. MACDONALD, K.C.: Well, we have nothing in the report.

Q. It was just part of the report.

25 A. Well, as I have not dealt with them I could

think it is material, my lord. Now, Mr. Hallam--

BY THE COMMISSIONER: Q. That is, for the purpose of this memorandum you are relying on the report you got from the Tariff Board in 1935 and you sent that to the Minister of Finance and the Minister of Trade and Commerce in May, 1936?

A. As a paragraph in a long report, sir.

Q. That is your report?

A. That is my report, sir.

Q. On behalf of the woollen industry?

A. Yes, on behalf.

BY MR. KELLOCK: Q. On the same comparison as between wages paid in Canada and Great Britain I am showing you hear a memorandum which is dated June 2nd, 1936. The--

THE COMMISSIONER: It is a separate memorandum?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: This will be Exhibit 641.

EXHIBIT 641: Memorandum on Carpet Mfg. Industry.

THE COMMISSIONER: What is the date?

MR. KELLOCK: 2nd of June, 1936; it is headed "Carpet Manufacturing Industry". For what purpose was this prepared? A. This was prepared for the same purpose as the other two memoranda that have already gone in.

Q. And dealt with in the same way?

A. And dealt with in the same way.

BY THE COMMISSIONER: Q. The same date ?

A. Well, this is June 2nd, 1936.

think it is material, my lord. Then, Mr. Vallance-

BY THE COMMISSIONER: Q. That is, for the purpose of this memorandum you are relying on the report you got from the Tariff Board in 1926 and you sent that to the Minister of Finance and the Minister of Trade and Commerce in May, 1926?

A. As a paragraph in a long report, sir.

Q. What is your report?

A. That is my report, sir.

Q. On behalf of the woollen industry?

A. Yes, on behalf.

BY MR. KENNEDY: Q. In the same comparison as between wages paid in Canada and Great Britain I am showing you here a memorandum which is dated June 2nd, 1926. Now--

THE COMMISSIONER: It is a separate memorandum?

MR. KENNEDY: Yes, my lord.

THE COMMISSIONER: This will be Exhibit 641.

EXHIBIT 641: Memorandum on Carpet Mfg. Industry.

THE COMMISSIONER: What is the date?

MR. VALLANCE: 2nd of June, 1926; it is headed "Memo: Manufacturing Industry". For what purpose was this prepared? A. This was prepared for the same purpose as the other two memoranda that have already come in.

Q. And dealt with in the same way?

A. And dealt with in the same way.

BY THE COMMISSIONER: Q. The same date?

A. Well, this is June 2nd, 1926.

Q. It has gone down already to the Ministers of Finance and Trade and Commerce?

A. Oh, yes, sir.

BY MR. KELLOCK: Q. I see on page 5 - I am sorry, my lord, I have not got a copy - on page 5 of this Exhibit there is a heading "Carpet Wages" which says:

"Comparisons of the average hourly wage rates paid in Canada and Great Britain and including adult males and females, and boys and girls, cents per hour, in Canada 36.28, in Great Britain 18.98. The Canadian rates are for Februayy, 1934, from the Price Spreads Commission Report and the rates for Great Britain are for February, 1934, derived from the Ministry of Labour Gazette, brought to full time by the information given in the March, 1934 issue".

That deals with that point, does it not?

A. Yes.

Q. Now, my friend referred to the question of the Japanese surtax, 33 and one-third percent, imposed in 1935 by the Canadian Government, and I want you to deal with the situation which existed as between Canada and Japan immediately prior to that time?

THE COMMISSIONER: Immediately prior to?

MR. KELLOCK: The imposition of the surtax, my lord.

THE COMMISSIONER: July 15th.

MR. KELLOCK: The 22nd, I think, my lord.

THE WITNESS: Yes; from newspaper reports and

Q. Is you some form already in the Ministers of Finance and Trade and Commerce?

A. Oh, Yes, sir.

Q. Yes. MINOCK: Q. I see on page 5 - I am sorry, my lord, I have not got a copy - on page 5 of this exhibit there is a heading "Current wages" which says: "Comparisons of the average hourly wage rates paid in Canada and Great Britain and including male and female, and boys and girls, cents per hour, in June 26.48, in June 1948 in 18.48. The conversion rates for February, 1924, from the Price Spreads Commission Report and the rates for Great Britain are for February, 1924, derived from the Ministry of Labour Gazette, brought to full time by the information given in the March, 1924 issue". That deals with that point, does it not?

A. Yes.

Q. Now, my friend referred to the question of the Japanese answer, 23 and one-half percent, imposed in 1926 by the Canadian Government, and I want you to deal with the situation which existed as between Canada and Japan immediately prior to that time.

THE COMMISSIONER: Immediately prior to?

Mr. FERGUSON: The imposition of the duties, my lord.

MR. MINOCK: The 1924, I think, my lord.

other sources like talks and so on with people, Japan was not satisfied with the balance of trade with Canada. The direct trade with Japan for the xxxx fiscal year of 1935 was as follows: Canadian direct imports from Japan $4,424,654; Canadian exports to Japan $16,944,962. The indirect purchases by Canada of Japanese raw silk through the United States amounted to close to three and a half million dollars.

BY MR. McTUER: Mr. Hallam, now there is something that I know you are not intentionally misrepresenting? A. No sir, I was just going to come to that.

Q. Those figures of the purchases of raw silk through the United States, there is no possible way finding out how much of that came from Japan? A. No, sir.

Q. So that you should not say indirect purchases from Japan. I think you ought to put it this way, purchases of raw silk through the United States the large bulk of which may be assumed to come from Japan? A. Yes I was going to say I have here in my hand the total import of silk via United States,--

BY THE COMMISSIONER: Q. Raw silk? A. Yes, natural silk, sir, and it came to $3,387,406 which is stated in Trade of Canada.

BY MR. KELLOCK: Q. What is that? A. That is the total imports.

Q. What is Trade of Canada? A. Trade of Canada is the Dominion Bureau of Statistics import figures, sir.

Q. All right. A. The Japanese Government

other sources like China and so on with people. Japan was not satisfied with the balance of trade with Canada. The direct trade with Japan for the years fiscal year 1933 was as follows: Canadian direct imports from Japan $4,444,886; Canadian exports to Japan $15,944,[illegible]; the indirect purchases by Japan of Japanese raw silk through the United States amounted to close to three and a half million dollars.

BY MR. MORPHY: Mr. Hellam, now there is something that I know you are not intentionally misrepresenting.

A. No sir, I was just going to come to that.

Q. To see figures of the purchases of raw silk through the United States, there is no possible way finding out how much of that came from Japan?

A. No, sir.

Q. So that you should not say indirect purchases from Japan. I think you ought to put it this way: purchases of raw silk through the United States was large bulk of which may be assumed to come from Japan?

A. Yes I was going to say I have gone in my case the total imports of silk via United States.--

BY THE COMMISSIONER: Q. Raw silk?

A. Yes, raw silk, sir, and it came to $5,947,[illegible] which is stated in Trade of Canada.

BY MR. MORPHY: Q. What is that?

A. That is the total imports.

Q. What is Trade of Canada?

A. Trade of Canada is the Dominion Bureau of Statistics Annual Trade Report.

apparently claimed that this trade must be balanced up. They had an adverse trade balance. I don't know how sound that is economically but if the Japanese theory that export trade should be balanced unilaterally is sound then Canada should take action to balance its trade with the United States.

BY MR. McRUER: Q. Put a surtax on?

A. I don't know what to do. I am not suggesting that, sir, But if the Japanese contention to Canada was sound economically that it should be balanced unilaterally then we should take some action to balance our trade with the United States.

BY MR. KELLOCK: Q. Just to digress there for a minute; have you got the comparative figures for the United States and Canada in 1935? A. Yes, Canadian imports from the United States in the fiscal year 1935 amounted to $303,639,972, and Canada's exports to the United States amounted to $224,697,923.

Q. All right; now, continue with that Japanese situation. What about the situation of the Japanese currency at that time? A. Japan's currency was depreciated against gold to a greater extent than the Canadian dollar and the Canadian depreciated currency legislation was operating.

Q. You mean the currency dump?

A. The currency dump was operating, sir. That had been operated against Great Britain when the British pound was depreciated against the Canadian dollar. It was in operation against other countries than Japan. There was no discrimination against Japan in this

apparently claimed that this trade must be balanced up. They had an adverse trade balance. I don't know how sound that is economically but if the Japanese theory that export trade should be balanced unilaterally is sound then Canada should take action to balance its trade with the United States.

BY MR. MORGAN: Q. Put a surtax on?

A. I don't know what to do. I am not suggesting that sir. But if the Japanese contention to Canada was sound economically that it should be balanced unilaterally then we should take some action to balance our trade with the United States.

BY MR. MACLOCK: Q. Just to digress there for a minute; have you got the comparative figures for the United States and Canada in 1938? A. Yes. Canadian imports from the United States in the fiscal year 1938 amounted to $205,629,272, and Canada's export to the United States amounted to $224,027,962.

Q. All right; now, continue with that Japanese situation. What about the situation of the Japanese currency at that time? A. Japan's currency was depreciated against gold to a greater extent than the Canadian dollar and the Canadian depreciated currency legislation was operating.

Q. You mean the currency dump?

A. The currency dump was operating, sir. That had been operated against Great Britain when the British pound was depreciated against the Canadian dollar.

It was in operation against other countries than Japan. There was no discrimination against Japan in this

depreciated currency legislation.

Q. You mean it applied to all countries on depreciated currency--

BY THE COMMISSIONER: Q. But it balanced up by a reduction in favour of the other countries with a higher currency than ours? A. No sir, they take that at the exchange value, sir.

BY MR. KELLOCK: Q. Then, what was the situationin May, 1935? A. Well, Japan wanted to have this depreciated currency legislation removed on Japanese goods. On May 10th, 1935 Japan announced that their trade protection law would be invoked against Canada.

BY THE COMMISSIONER: Q. What date?
A. On May 10th, 1935, and on July 20th a surtax of 50 percent was made effective on certain Canadian goods.

BY MR. KELLOCK: Q. On what?
A. There is an Exhibit in, Exhibit number 506, but just roughly speaking it is wheat flour, pulp-wood fibre, wool felts made by woollen manufacturers and lumber. That is a short summary of it. If my memory is correct I made a calcualtion and it affected annually trade of about 7 million dollars a year.

Q. At that time was there any existing treaty between Japan and Canada which was violated by that action? A. There was a treaty between the two countries. There was a treaty between the two countries, a favoured nations treaty between the two countries. That is whereby they got most favoured

depreciated currency legislation.

Q. You mean it applied to all countries on depreciated currency--

BY THE CHAIRMAN: Q. Not it balanced up by a reduction in favour of the other countries with a higher currency than ours? A. No sir, they take that at the exchange value, sir.

BY M. PROCTOR: Q. Then, what was the situation in May, 1929? A. Well, Peru wanted to have this depreciated currency legislation removed or improved upon. On May 10th, 1928 Peru announced that their trade protection law would be invoked against Canada.

BY THE CHAIRMAN: Q. What date? A. On May 10th, 1928, and on July 20th a surtax of 30 percent was made effective on certain Canadian goods.

BY M. PROCTOR: Q. To what? A. There is an exhibit in, exhibit number 206, but that really speaks for itself. It is mostly textiles, fibres, wool rolls made by woollen manufacturers and lumber. That is a short summary of it. To my memory in context I made a calculation and it affected annually trade of about 7 million dollars a year.

Q. At that time was there any existing treaty between Peru and Canada which was violated by that action? A. There was a treaty between the two countries. There was a treaty between the two countries. I forgot exactly treaty between the two countries. That is recent. They got most favoured

nation treatment.

Q. Where do we find that favoured nations treaty?

A. You find that - I have here a document, the Canada Customs Tariff and amendments with index to August 15th, 1933.

BY THE COMMISSIONER: Q. You say Japan was in the most favoured nations class?

A. They had a favoured nations treaty.

Q. With us? A. With Canada, and we had a favoured nations treaty with them.

BY MR. KELLOCK: Q. I am showing you this document, Mr. Hallam; what is that? A. That is a copy which was issued to the press of a letter by the Right Hon ourable R.B. Bennett, Secretary of State for External Affairs on the 4th of September, 1935, and addressed--

BY THE COMMISSIONER: Q. A letter from Mr. Bennett?

A. The Right Honourable Bennett, Secretary of State for External Affairs.

Q. To whom? A. To the Honourable Kato, the Japanese gentleman, the Minister of Japan to Canada.

Q. The Japanese Minister? A. Yes.

Q. What is the date of it?

MR. KELLOCK: 4th of September, 1935, my lord.

THE COMMISSIONER: This will be Exhibit 642.

EXHIBIT 642: Letter dated 4th Sept., 1935, from Rt. Hon. R.B.Bennett to Sotomatsu Kato.

BY MR. KELLOCK: Q. Exhibit 642; I should like to attach to that a copy of the press release at the same time. A. Yes, the whole thing was press

nations treatment.

Q. Where do we find that favoured nations treaty?

A. You find that - I have here a document, the General Customs Tariff and amendments with index to August 1st 1932.

5

BY THE COMMISSIONER: Q. You say Japan was in the most favoured nations group?

A. They had a favoured nations treaty.

Q. With us? A. With Canada, and we had a favoured nations treaty with them.

BY MR. TEMPLEMAN: Q. I am handing you this document Mr. Mellon; what is that? A. That is a copy which was issued to the press of a letter by the Right Honourable J.H. Bennett, Secretary of State for External Affairs on the 4th of September, 1932, and [illegible]

10

15

BY THE COMMISSIONER: Q. A letter from Mr. Bennett?

A. The Right Honourable Bennett, Secretary of State for External Affairs.

20

Q. To whom? A. To the Economic Conference, the Japanese Conference, the Minister of Japan to Canada [illegible]

Q. What is the date of it?

A. 4 August: 4th of September, Sorry, my fault.

THE COMMISSIONER: This will be Exhibit 644.

EXHIBIT 644: Letter dated 4th Sept., 1932, from Rt. Hon. J.H. Bennett to Japanese Consul.

25

BY MR. MELLON: Q. Could I see; I should like to return to that a copy of the press release at the same time. A. Yes, [illegible]

30

release which was given.

Q. The letter reads:

"I have the honour to refer to the representations which you conveyed to me by instruction of your Government on August 16th, 1935, regarding trade relations between Japan and Canada. The proposals made by your Government have received careful consideration by the Government of Canada.

The Government of Canada note with regret that these proposals indicate that there has been no essential change in the attitude of the Government of Japan in repsect to the measures which the Government of Canada have been obliged to take to protect Canadian workers against the sale in Canada of goods produced under wage and currency depreciation conditions which, without such protective measures would have made impossible fair trade and fair competition between Japan and Canada.

In my note of July 6th, 1935, I dealt with each of the specific ground on which it was contended by the Government of Japan that the Government of Canada were discriminating against Japanese imports, and endeavoured to make clear that such charged were wholly without justification. On the other hand the Government of Canada have maintained, and continue to maintain that the Government of Japan by

release which was given.

Q. The letter reads:

"I have the honour to refer to the representations which you conveyed to me by instruction of your Government on August 16th, 1935, regarding trade relations between Japan and Canada. The proposals made by your Government have received careful consideration by the Government of Canada.

The Government of Canada note with regret that these proposals indicate that there has been no essential change in the attitude of the Government of Japan in respect to the measures which the Government of Canada have been obliged to take to protect Canadian workers against the sale in Canada of goods produced under wage and currency depreciation conditions which, without such protective measures would have made impossible fair trade and fair competition between Japan and Canada.

In my note of July 6th, 1935, I dealt with each of the specific ground on which it was contended by the Government of Japan that the Government of Canada were discriminating against Japanese imports, and endeavoured to make clear that such charges were wholly without justification. On the other hand the Government of Canada have maintained, and continue to maintain that the Government of Japan by

"bringing Canada, only, within the terms of Imperial Ordinance No. 208, 1935, and thereby imposing upon Canadian imports into Japan a surtax of 50 percent ad valorem in addition to the duties imposed by its customs tariff law discriminates against Canada contrary to the provisions of Article VII of the Treaty of Commerce and Navigation between the United Kingdom and Japan to which Canada acceded on May 1st, 1913, and which has since governed the commercial relations between Japan and Canada. You will recall that Article VII provides that Canadian products shall enjoy the lowest rates of customs duty applicable to similar articles of any other foreign country".

Was that the treaty to which you referred?

A. That was the treat to which I referred in the Customs Tariff and Amendments with index to August 15th, 1933.

Q. The letter goes on:

"The unaltered attitude of the Government of Japan, as evidenced in your representations of August 16th, puts directly in issue the right of the Government of Canada to protect the wages of its workers and the standard of living of its people against the unfair competition of low cost labour paid in greatly depreciated currencies. The Government of Canada are unable to accept any compromise of the basic principle of fair competition which

"bringing Canada, only, within the terms of Imperial Preference No. 2(a), 1903, and thereby imposing upon Canadian imports into Japan a surtax of 60 percent ad valorem in addition to the duties imposed by the customs tariff law discriminates against Canada contrary to the provisions of Article VII of the Treaty of Commerce and Navigation between the United Kingdom and Japan to which Canada acceded on May 1st, 1913, and which has since governed the commercial relations between Japan and Canada. You will recall that Article VII provides that Canadian products shall enjoy the lowest rates of customs duty applicable to similar articles of any other foreign country".

Was that the treaty to which you referred?

A. That was the treat to which I referred in the Customs Tariff and Amendments with index to August 1st, 1922.

Q. The letter goes on:

"The unaltered attitude of the Government of Japan, as evidenced in your representations of August 16th, puts directly in issue the right of the Government of Canada to protect the wages of its workers and the standard of living of its people against the unfair competition of low cost labour paid in greatly depreciated currencies. The Government of Canada are unable to accept any compromise of

"governs its commercial relations and upon the maintenance of which the welfare of Canada depends.

The Government of Japan have persisted in demanding a privileged position in the markets of Canada, which would involve flat discrimination by Canada against the other members of the British Commonwealth of Nations and against the foreign countries to which Canada had extended most favoured nation terms by treaty. The Government of Japan have failed to recognize in any way the very substantial concession accorded to imports from Japan by our reduction of the exchange compensation duty, which made full allowance for the extent to which the competitive advantage arising from the depreciation of Japanese exchange has been offset by the relative increase in the price level in Japan. It is therefore apparent that no good purpose will be served by mere restatement of the respective positions of the two Governments. The Government of Canada have therefore decided that unless the discriminatory action against Canada is discontinued they will be compelled to notify the Government of Japan that they consider the treaty null and void, insofar as it applies to Canada, by reason of the aforesaid discriminatory action of Japan, and to take such further action as may be

"governs its commercial relations and upon the assurance of which the maintenance of peaceful commerce."

The Government of Japan have certainly had in consulting a privileged position in the markets of Canada, which would involve that discrimination by Canada against the other members of the British Commonwealth of Nations and against the foreign countries to which Canada has extended most favoured nation terms by treaty. The Government of Japan have failed to recognize in any way the very substantial concessions accorded to imports from Japan by our reduction of the exclusive compensation duty, which gives full allowance for the extent to which the competitive advantage resulting from the depreciation of Japanese currency has been offset by the relative increase in the price level in Japan. It is therefore apparent that no good purpose will be served by more restrictions of the respective positions of the two Governments. The Government of Canada have therefore decided that unless the discriminatory action against Canada is discontinued they will be compelled to notify the Government of Japan that duty concessions hereunder will not avail, insofar as it applies to Canada, by reason of the all round discriminatory action of Japan.

"required in the national interest.

The Government of Canada have resolved upon this course with profound regrext. They have been zealous to maintain and extend Canadian trade relations with all countries, and in particular have aspired to make the association of Japan and Canada mutually profitable. The Government therefore earnestly hopes that the Government of Japan may yet be persuaded of the justness of the position taken by the Government of Canada and will take steps to remove the discriminatory surtax imposed on Canadian goods and thereby make it possible to attain a friendly settlement of the present unfortunate controversy.

Except, Sir, the renewed assurances of my highest consideration."

That is the press release attached. Then, that being the situation, Mr. Hallam, at that time, what next took place? A. That letter did not come till later. That letter did not come till later.

Q. Quite right? A. That was--

Q. That was after Canada had put on this surtax? A. Exactly.

Q. That was on what date, again?

A. Which, Canada, sir?

Q. Yes: A. On July 22nd Canada announced that a surtax of 33 and one-third percent would be placed on all Japanese goods whether imported direct or indirect, and to be effective on August 5th.

"required in the national interest.

The Government of Canada have received upon this course with profound regret. They have been zealous to maintain and extend Canadian trade relations with all countries, and in particular have aspired to make the association of Japan and Canada mutually profitable. The Government therefore earnestly hopes that the Government of Japan may yet be persuaded of the justness of the position taken by the Government of Canada and will take steps to remove the discriminatory sur-tax imposed on Canadian goods and thereby make it possible to attain a friendly understanding of the present difficulty.

Except, Sir, the renewed assurance of my highest consideration."

That is the press release attached. Then, that being the situation, Mr. Rollins, at that time, what part took place? A. That letter did not come till later. That letter did not come till later.

Q. Quite right. A. That was--

Q. That was after Canada had put on this surtax?

A. Exactly.

Q. That was on what date, again?

A. Until, Canada, sir?

Q. Yes: A. On July second Canada announced the surtax of 15 and one-third percent would be placed on all Japanese goods whether imported direct or indirect, and to be effective on August 8th.

That is put in in Exhibit 104.

Q. 140. A. 140.

Q. That was Order-in-Council number 2108?

A. That is correct.

Q. That is passed under the terms of section 7, I think, of the Customs Act? A. Yes, the Customs Act, 7; do you want that to show the exact position?

A. No, that is all right. I just want to ask you at that point if the imposition of this surtax was something new, or had Canada ever had occasion to impose such a surtax before?

BY THE COMMISSIONER: Q. You said section 7 of which act? A. Article 7, sir.

MR. KELLOCK: Section 7 of the Customs Act, my lord. I was asking you, Mr. Hallam, whether you know if this imposition of this surtax was new in Canadian experience, or whether it had ever been imposed before?

A. No, it has been in our customs laws for many years.

Q. As against what country?

A. I mean it has been in the law but it is not--

THE COMMISSIONER: Mr. Hallam says it has been part of the law; it must have been because it was used in this case. The other question is, was it ever used before?

BY MR. KELLOCK: Q. Was it ever applied before?

A. It was applied on purchases from Germany on April 16th, 1903, on goods imported after September 30th, 1903.

Q. What was the rate imposed? A. The surtax

That is put in as exhibit 102.

Q. 140. A. 140.

Q. That was under-in-Council number 8107

A. That is correct.

Q. That is passed under the terms of section

I think, of the Customs Act? A. Yes, the Cu

act, 7; do you want that to show the exact position

A. No, that is all right. I just went to ask you

that point if the importation of this article was

something new, or had Canada ever had occasion to

import such a article before?

BY THE CHAIRMAN: Q. You said section 7 of

FULL ACT? A. Article 7, sec

MR. HALLAM: Section 7 of the Customs act, my

lord. I was asking you, Mr. Hallam, whether you k

if this importation of this article was new in Canadi

experience, or whether it had ever been imported befo

A. No, it has been in our customs laws for many years

Q. I mean it has been in the law but it is not-

BY CHAIRMAN: Mr. Hallam says it has been

of the law; it must have been because it was used in

this case. The other question is, was it ever used

before?

BY MR. HALLAM: Q. Was it ever supplied before?

A. It was supplied on purchases from January on April

14th, 1908, on goods imported after September 20th,

1908.

Q. What was the date imported?

then was one-third of the regular duty on dutiable imports.

Q. It would not apply to non-dutiable?

A. It was not applied to non-dutiable imports. It applied to all dutiable imports from Germany or from other countries containing over 50 percent German content.

Q. How long did it last?

A. This surtax was cancelled on May 1st, 1910. I have the documents here; I think they might be put in, if you so desire.

MR. KELLOCK: Would your lordship like to have that?

THE COMMISSIONER: That lasted about 6 years.

MR. KELLOCK: Yes, 7; would your lordship like to have the documents on that?

THE COMMISSIONER: You may as well put them in if you have them. That will be Exhibit 643.

EXHIBIT 643: Department of Customs memorandum re surtax on imports from Germany.

MR. KELLOCK: And it consists of two parts.

THE COMMISSIONER: Re the surtax against Germany in 1903.

MR. KELLOCK: Yes, my lord; the first part is a memorandum from the Department of Customs dated the 26th of October, 1903, a memorandum sent to the Collectors of Customs, and others concerned, in which the imposition of the surtax is set out, and the second part of it is also a memorandum of the department of customs dated the 15th of February, 1910, which deals with the repeal. Now, Mr. Hallam had

that was one-third of the regular duty on dutiable imports.

Q. It would not apply to non-dutiable?

A. It was not applied to non-dutiable imports. It applied to all dutiable imports from Germany or from other countries contracting over 50 percent duties.

Q. How long did it last?

A. This system was cancelled on May 1st, 1920. I have the documents here; I think they might be put in, if you so desire.

MR. MILLIKEN: Would your Lordship like to have them?

THE COMMISSIONER: That lasted about 6 years.

MR. MILLIKEN: Yes. Q. Would your Lordship like to have the documents on that?

THE COMMISSIONER: You may as well use them in if you have them. That will be Exhibit 666.

MILLIKEN 666: Department of Customs Instructions to Collectors of Customs (Germany).

MR. LUCAS: And it consists of two parts.

THE COMMISSIONER: Do the minutes contained therein in 1923.

MR. MILLIKEN: Yes, my Lord; the first part is a memorandum from the Department of Customs dated the 24th of October, 1923, a memorandum sent to the Collectors of Customs, and others concerned, in which the imposition of the duties is set out, and the second part of it is also a memorandum of the Department of Customs dated the 24th of December, 1923, [illegible]

THE COMMISSIONER: [illegible]

there been any change - at the time that Canada imposed the surtax against Japan had there been any change in the old proclaimed value of the yen which was formerly 49.85? A. Yes, I am just looking for the date of that. On July 29th, Canada reduced the proclaimed value of the yen.

THE COMMISSIONER: What year?

MR. KELLOCK: 1935.

THE WITNESS: The reason I was looking for the date, I think it came out in advance before it was actually done. Oh yes, I see it is done by Order-in-Council on the 20th of July, 1935, sir.

SECRETARY WHITELEY: Exhibit 138.

BY MR. KELLOCK: Q. They reduced the proclaimed value of the yen from 49.85?

A. 49.85 to 41.51 cents.

Q. What effect would that have?

BY THE COMMISSIONER: Q. What was the actual value of the yen? A. Approximately 29 cents, sir, at that time. That is the exchange value, sir.

BY MR. KELLOCK: Q. What effect would that have on the approximate currency dumping duty?

A. That would be a reduction - the dumping duty then on the currency would be about 20.85 cents per yen and that was reduced to 12.51 cents per yen.

Q. What was the next step?

A. On August 6th, the department further advised regarding an additional Order-in-Council.

Q. What is the number of that?

been been any change - at the time that Russia imposed the export duties Japan had been any change in the old prohibited value of the yen which was formally ex.duty

Q. Yes, I am just looking for the date of that. In July 1917, Russia reduced the prohibited value of the yen.

Mr. Commissioner Hyndman

Mr. ROBSON: Q.Q.

The WITNESS: The reason I was looking for the date I think it came out in evidence before it was actually done. Oh yes, I see it is done by order-in-council on the 30th of July, 1917, Ex.

Commissioner Hyndman, Hearing Exp.

BY Mr. ROBSON: Q. They reduced the prohibited value of the yen from ex.duty

Q. Yes that would feel duty

BY THE COMMISSIONER: Q. That was the actual value of the yen A. Approximately so during, at that time. That is the exchange value.

Q.

BY Mr. ROBSON: Q. What effect would that have on the conversion of Japanese foreign trade

A. That would be a reduction - the foreign trade in the currency would be at 50.05 cents per yen was that was reduced to 16.21 cents per yen.

Q. What was the last event?

A. On August 6th, the Canadian Northern Railway requesting an order-in-council.

Commissioner Hyndman

A. It is P.C. 2317.

Q. Have you a copy? A. No sir, we have not got the Order-in-Council, but we have got a copy of the departments advice on it.

MR. McRUER: These things are all in.

BY MR. KELLOCK: Q. What was the effect of that, Mr. Hallam? A. It made subject to surtax goods bought and sold prior to July 22nd, that is, a surtax on Japanese goods bought and sold prior to July 22nd and entered through the customs prior to November 5th.

BY THE COMMISSIONER: November 5th?
A. November 5th, 1935, sir, and also made subject to surtax articles with 50 percent Japanese content imported from any country.

BY MR. KELLOCK: Q. That is one of the things you were asking for after the surtax was put on?
A. That is correct.

Q. That was followed, I presume, by the Prime Minister's letter of September 4th that we have put in?
A. Yes, the difficutly with Japan was still going on on September 4th. Then the Prime Minister notified Japan that if the Japanese discriminatory action against Canada was not discontinued they would be compelled to declare the favoured nation treaty with Japan null and void.

Q. Was that ever done? A. That was never done.

Q. Then, I take it that the next thing that

Q. Is it a.m. Mr.?

A. Have you a copy? A. No sir, we have not got the [illegible] (Counsel), but we have got a copy of the departmental advice on it.

Q. Counsel: These things are all in.

Mr. [illegible]: Q. That was the effect of it.

Mr. Gallant: A. It was my recollection that we could enter Jerry Mack, the [illegible] to Jerry Mack and continue through the course prior to [illegible].

Q. [illegible]

A. [illegible] 1960, sir, and also make [illegible] with an answer upon as contained in my evidence.

Q. Counsel: A. Was it the thing you were making the effort for or was it not?

A. That is correct.

A. That was following. I promised the prime minister of September 4th that we have put the [illegible], the difficulty with Jerry Mack would [illegible] on September 4th. When the Prime Minister said [illegible] that if the [illegible] [illegible] Mack at [illegible] was not discontinued they would be compelled to decide the [illegible] within twenty-[illegible] hours until and [illegible].

Q. Did that ever [illegible]? A. That was [illegible]

Q. [illegible] it was the [illegible]

happened was the action of December 26th when the present Prime Minister wrote to Mr. Kato as to what the decision of the Government was at that time?

A. Yes, the letter to Mr. Kato was on December 26th.

THE COMMISSIONER: Is that in evidence already?

MR. KELLOCK: Yes, my lord, I think that was put in at Montreal.

MR. BERRY: Exhibit 401, my lord.

BY MR. KELLOCK: Q. Briefly, Mr. Hallam, what happened then was that the proclaimed value of the yen was reduced to 39.5 cents?

A. There was more than that; there was more done than that.

Q. That is one of the things; what else happened just to summarize it? A. I think you could summarize that, that Canada would restrict - there were a number of things in that Canada would restrict - the classification of the class or kind of goods made in Canada, would assess the duty on current exchange rates on goods of a class or kind not made in Canada, would reduce the prolcaimed value of the yen to 39.5 cents, would cancel in the words of the letter extensive lists of commodities that had fixed values on them, and would provide for an appeal to the Tariff Board on any fixed valuations thereafter enforced, and, of course, in addition would cancel the surtax of 33 and one-third percent provided that Japan would remove the surtax on certain Canadian goods.

happened was the action of December 26th when the present Prime Minister wrote to Mr. Keto as to what the decision of the Government was at that time?

A. Yes, the letter to Mr. Keto was on December 26th.

THE CHAIRMAN: Is that in evidence or not?

MR. MACDOOK: Yes, my Lord, I think that was put in at Montreal.

MR. MARTY: Exhibit 601, my Lord.

BY MR. MACDOOK: Q. Briefly, Mr. Mallon, what happened then was that the proclaimed value of the yen was reduced to 29.5 cents?

A. There was more than that; there was more done than that.

Q. That is one of the things; what else happened just to summarize it? A. I think you could summarize that, that Canada would restrict - there were a number of things in that Canada would restrict - the classification of the class or kind of goods made in Canada, would assess the duty on current exchange rates on goods of a class or kind not made in Canada, would reduce the proclaimed value of the yen to 29.5 cents, would cancel in the mode of the latter extensive lists of commodities that had fixed values on them, and would provide for an appeal to the Tariff Board on any fixed valuation thereafter proclaimed, and, of course, in addition would cancel the surtax of 25 and one-third percent provided that Japan would remove the surtax on certain specified goods.

BY THE COMMISSIONER: Q. Did you say would reduce the fixed value of the yen?

A. Yes, it was reduced from 41.51 cents, sir, to 39.5 as at the 1st of January, 1936.

BY MR. KELLOCK: Q. And all these things that you have mentioned were to come into effect on the same date? A. That all became effective on January 1st, 1936.

MR. KELLOCK: Well I am on that, my lord, your lordship may recall while in Montreal there was some discussion as to what the proclaimed value of the yen would be for the year 1937. Your lordship recalls the figures on the last 5 years, the average value for the last 5 years. During the summer I received from Mr. Whiteley a letter, a copy of a letter rather from Mr. Skelton where Mr. Skelton had worked that out, and I replied to Mr. Whiteley when he sent me that and I assumed that would be put in by my friend but it has not been put in and I should like to have it put in. Your lordshhip will recall there was some question as to whether the witness' figures were right.

THE COMMISSIONER: Have you the figures now?

MR. KELLOCK: Yes.

THE COMMISSIONER: It is a letter from Mr. Whiteley?

(Page 8565 follows)

BY THE COMMISSIONER: Did you say would reduce the fixed value of the year?

A. Yes, it was reduced from $1.81 cents, sir, to $3.5 as at the 1st of January, 1926.

Mr. M. MALLOCK: And all these things that you have mentioned were to come into effect on the same date?

A. That all become effective on January 1st, 1926.

Mr. MALLOCK: Well I am on that, my Lord, your Lordship may recall while in Montreal there was some discussion as to what the proclaimed value of the yen would be for the year 1927. Your Lordship recalls the figures on the last 5 years, the average value for the last 5 years. During the summer I received from Mr. Whiteley a letter, a copy of a letter rather from Mr. Shelton where Mr. Shelton had worked that out, and I replied to Mr. Whiteley when he sent me that and I assumed that would be put in by my friend but it has not been put in and I should like to have it put in. Your Lordship will recall there was some question as to whether the witness' figures were right.

THE COMMISSIONER: Have you the figures now?

Mr. MALLOCK: Yes.

THE COMMISSIONER: It is a letter from Mr. Whiteley

(Page 8885 follows)

MR. WHITELEY: No, file copy of Dr.Skelton's letter to me.

THE COMMISSIONER: Q. As to the value of the yen in 1937.

MR. WHITELEY: Yes.

EXHIBIT 644: Copy of letter dated 8th September 1936 from O.D.Skelton, to Mr.A.S.Whiteley, Sec. Commission on Textiles.

MR. KELLOCK: It is 35¢. Perhaps that could be put in when it is turned up.

Q. Mr. Hallam, in answer to my friend yesterday you told his lordship of the steps which were taken by you when the Canadian surtax on raw silk was first announced and that the correspondence and memo on that have been put in, particularly a letter you wrote to Mr. Skelton? A. No, Mr. Scully.

Q. In which you asked him a number of questions as to how the surtax was going to operate in certain circumstances and you have shown in what you have said this morning that so far as the importation into Canada of articles containing Japanese raw silk from other countries was dealt with and that was dealt with by making surtax applicable to an article imported into Canada from other countries of a Japanese content up to 50%, is that right? A. Yes.

MR. McRUER: Q. When was that? A. I gave you the date. We were notified that on August 6th P.C.2317.

MR. WILLIAMS: No, file copy of Mr. Weldon's letter to me.

THE COMMISSIONER: Q. As to the value of the yen in 1920?

A. [illegible] Yes.

<u>EXHIBIT No.</u> [illegible] Copy of letter dated [illegible] September 1920 from G.A. Weldon, to Mr. A.A. Whitelaw, Sec. Commission on Textiles.

MR. [illegible]: It is [illegible]. Perhaps that could be put in when it is turned up.

Q. Mr. Weldon, in answer to my friend yesterday you told his lordship of the steps which were taken by you when the Canadian surtax on raw silk was first announced and that the correspondence and memo on that have been put in, particularly a letter you wrote to Mr. Weldon? A. Yes, Mr. [illegible].

Q. In which you asked him a number of questions as to how the surtax was going to operate in certain circumstances and you have shown in what you have said this morning that so far as the importation into Canada of articles containing Japanese raw silk from other countries was dealt with and that was dealt with by making surtax applicable to an article imported into Canada from other countries of a Japanese content up to 50%, is that right? A. Yes.

MR. MORLAND: Q. When was that? A. I gave you the date. It was modified that on August 5th [illegible].

Q. I just want to be clear on it. You were asking in your memo that the surtax apply to manufactured goods in respect to the silk content?

A. Well, I think that was my first suggestion but I think I found what the law was - I was not sure what has happened until I looked up the surtax on Germany, took me a little time to find out and I was not quite sure what the statutes were at that time.

Q. Then you did get the protection you were asking for - I understood from you yesterday you did not get it? A. No, I did not say that.

Q. You did get what you wanted? A. We got eventually protection. Certain people objected to it afterwards, but it was a fair thing---

THE COMMISSIONER: Never mind whether it is fair or not. We want to know aht you got. Mr. Kellock will argue it later.

Q. Did you get what you asked for?

A. Yes. No, we did not get what we asked for originally but we were given something which, in my opinion, was just about as good.

MR. McRUER: Q. Satisfied you? A. It was satisfactory.

Q. What was that? that the surtax apply?

MR. KELLOCK: I have the document here, perhaps this will answer the question.

MR. McRUER: Q. I understood from you yesterday that you did not get ---

Q. I just want to be clear on it. You were making in your mind that the surtax apply to manufactured goods in respect to the silk content?

A. Well, I think that was my first suggestion but I think I found what the law was - I was not sure what has happened until I looked up the surtax on Germany. Took me a little time to find out and I am not quite sure what the statutes were at that time.

Q. Then you did get the protection you were asking for - I understood from you yesterday you did not get it? A. No, I did not say that.

Q. You did get what you wanted? A. We got eventually protection. Certain people objected to it afterwards, but it was a fair thing---

THE COURT ALSO: Never mind whether it is fair or not. We want to know not you got. Mr. Kellock will argue it later.

Q. Did you get what you asked for?

A. Yes. No, we did not get what we asked for originally but we were given something which, in my opinion, was just about as good.

MR. MCKAY: Q. Satisfied you? A. It was satisfactory.

Q. What was every time the surtax apply?

MR. KELLOCK: I have the document here, perhaps this will answer the question.

MR. MCKAY: Q. I understood from you yesterday that you did not get ---

MR. KELLOCK: No, you are wrong about that. I am putting in memo from the Department of National Revenue in Canada, Customs Division, dated 6th August, 1935.

EXHIBIT 645: Memo from the Department of National Revenue, Canada, to Collectors of Customs and Excise dated 6th August, 1935.

MR. KELLOCK: It is directed "To Collectors of Customs and Excise and others concerned," and it is headed "Surtax on Japanese Goods." It says:

"Under the authority of Section 7 of the Customs Tariff, the following regulations have been established by the Governor in Council respecting the application of the surtax on Japanese products, viz:-

REGULATIONS

1. Goods, the product or manufacture of Japan, bonafide contracted for and purchased, and sold by the importer for future delivery either in their imported condition or as goods further processed in Canada, prior to the 22nd July, 1935, shall not, if imported into Canada before the 5th November, 1935, be subject to the surtax prescribed by Order in Council (P.C. 2108); provided that the importer produces satisfactory evidence establishing such purchase and sale prior to the 22nd July, 1935.

2. The surtax shall apply to any article imported into Canada which has been improved or advanced

MR. HALLOCK: No, you are going about that. I am putting in memo from the Department of National Revenue in Canada, Customs Division, dated one August, [illegible].

MINISTER OGG: Memo from the Department of National Revenue, Canada, to Collectors of Customs and Excise dated 8th August, 1955.

MR. HALLOCK: It is directed "To Collectors of Customs and Excise and others concerned," and it is headed "Surtax on Japanese Goods." It says:

"Under the authority of section 7 of the Customs Tariff, the following regulations have been established by the Governor in Council respecting the application of the surtax on Japanese goods, viz:-

FIRST, THAT:

1. Goods, the product or manufacture of Japan, bonafide contracted for and purchased, and sold by the importer for future delivery either in their imported condition or as goods further processed in Canada, prior to the 22nd July, 1955, shall not, if imported into Canada before the 5th November, 1955, be subject to the surtax prescribed by order in Council (P.C. 1955);

provided that the importer produces satisfactory evidence establishing such purchase and sale prior to the 22nd July, 1955.

2. The surtax shall apply to any article imported

in value by labour in any other country if materials the product or manufacture of Japan constitute more than 50% of the cost of production of the imported article.

3. Invoices of goods manufactured wholly or in part from materials the product or manufacture of Japan, imported into Canada, shall be further certified and signed by the exporters in the following form, namely:"

And that shows the certification which the importer must give.

THE COMMISSIONER: You will take some two minutes recess now.

-- Adjourned at 11.50 A.M.

-- On resuming.

MR. KELLOCK: Mr. Hallam, you were just dealing with the memo issued by the Department showing the Regulations as to the application of a certain act and the admission of shipments under bona fide contracts existing at the date of the imposition of the surtax and they were allowed to come in up to the 5th of November provided the purchaser produced evidence of purchase and sale? A. That is correct.

Q. That is, that he had not only contracted for the purchase of the goods but he had also sold the product which would include those goods?

A. Yes, sir.

Q. That is what the memo said? A. Yes, sir.

in value by labour in any other country if materials the product or manufacture of Japan constitute more than 50% of the cost of production of the imported article.

3. Invoices of goods manufactured wholly or in part from materials the product or manufacture of Japan, imported into Canada, shall be further certified and signed by the exporters in the following form, namely:" and then sets the certification which the importer must give.

THE COURT ADJOURNED: You will take care the minutes

[illegible] now.

-- Adjourned at 11.30 a.m.

-- On resuming.

MR. BAILLON: Mr. Hallam, you were just dealing with the memo issued by the Department showing the [illegible] and the nationalization of shipments under been [illegible] existing at the date of the imposition of the anti-dumping duty were allowed to come in up to the 5th of [illegible] of purchase and sales?

A. That is correct.

Q. That is, that he had not only contracted for the purchase of the goods but he had also sold the product which would include those goods?

A. Yes, sir.

Q. And that was one measure of relief that you were asking the Government for? A. We were asking for some relief on that.

Q. Was the relief which was given in connection with silk, was that granted to all other importers of any goods from Japan? A. You mean raw silk?

Q. Yes? A. Yes, it was given to all importers; it covered retailers and wholesalers and people importing goods from Japan - it was not only for the silk, general measure of relief.

Q. It was not something specially for the silk industry? A. No, it was to cover all importers.

Q. Now, in answer to my friend, and I think also in answer to his Lordship yesterday you said that the industry had never asked that the surtax - that is, that the Canadian surtax on raw silk should be lifted and you said that you did not do it and that you regarded it as unfair to do it. Now, there is an exhibit which is already in---

THE COMMISSIONER: He said unfair to the people of British Columbia, I think.

MR. KELLOCK: Yes, my lord.

Q. There is Exhibit 454 ---

THE WITNESS: I think I added the West too.

Q. That Exhibit is already in and that exhibit includes copy of letter written by you to Colonel W.B. Evans? A. That is correct.

THE COMMISSIONER: That is letter from Mr. Hallam to Mr. Marx.

Q. And that was one measure of relief that you were seeking the Government for? A. We were seeking for some relief on that.

Q. Was the relief which was given in connection with silk, was that granted to all other importers of any goods from Japan? A. You mean the silk?

Q. Yes? A. Yes, it was given to all importers; it covered retailers and wholesalers and people importing goods from Japan - it was not only for the silk, general measure of relief.

Q. It was not something specially for the silk industry? A. No, it was to cover all importers.

Q. Now, in answer to my friend, and I think also in answer to his Lordship yesterday you said that the industry had never asked that the matter - that is, that the Canadian surtax on raw silk should be lifted and you said that you did not do it and that you regarded it as unfair to do it. Now, there is an exhibit which is already in---

THE COMMISSIONER: He said unfair to the people of Quebec, I think.

MR. MILLOUN: Yes, my Lord.

Q. There is Exhibit 664 ---

MR. MILLOUN: I think I named the wrong too.

Q. That Exhibit is already in and that exhibit includes copy of letter written by you to Colonel [illegible]? A. That is correct.

MR. [illegible]: That is letter from Mr. Hallam

to Mr. Marx. Perhaps it includes that letter.

MR. KELLOCK: Probably. This is a letter to Colonel W.B.Evans, Canadian T.S.R. of Lyons Ltd.

THE COMMISSIONER: What is T.S.R.?

MR. McRUER: That is the Company's name.

MR. RENE: Textile Soiree Rayone.

MR. KELLOCK: It is dated July 25th, 1935, and I would just like to read parts of this letter to you, and ask you if this deals with the situation we are just discussing. You say:

"I have your letter of July 24th, re Japan and the surtax. We note what action you are taking. This matter is being discussed with a number of the mills, but they feel that the fullest consideration should be given to the following points:

(1) If the Canadian government had agreed to the Japanese request for the abolition of the depreciated currency regulations on their products it would have meant very serious losses to the silk mills in Canada: broad silks, full fashioned hosiery, threads, ribbons, dyers, narrow fabrics. At present:

The yen is valued at 49.85.

Duty is collected on this basis.

Dumping duty is collected on the difference between 49.85 and 29¢.

If the Japanese demands had been met:

to Mr. Mark. Perhaps it believes that better.

MR. MULLOCK: Probably. This is a letter to Colonel W.M.Venne, Canadian I.A.R. of Lyons Law.

THE COMMISSIONER: What is I.A.R.?

MR. MULLOCK: That is the Company's name.

[illegible]

MR. MULLOCK: It is dated July 4th, 1925, and I would just like to read parts of this letter to you, and ask you if this deals with the situation we are just discussing. You say:

"I have your letter of July 24th, re Japan and the artex. We note what action you are taking. This matter is being discussed with a number of the mills, but they feel that the fullest consideration should be given to the following points:

(1) If the Canadian government had agreed to the Japanese request for the abolition of the depreciated currency regulations on their products it would have meant very serious losses to the silk mills in Canada: broad silks, full fashioned hosiery, [illegible], [illegible], [illegible] [illegible]. It [illegible]

The yen is valued at 49.4b.

Duty is collected on this basis.

[illegible] duty is [illegible] on the difference between 4b.5b and 49b.

If the Japanese demands has been met:

The yen invoice would have been calculated at 29¢ per yen.

The duty would have been collected on this value.

No dumping duty would be collected.

The Canadian Government would not agree to do this inspite of the fact that Canadians shipping to Japan are faced with the loss of the following business:"

THE WITNESS: May I just say in that connection, there is a list there following. I was not certain at that time what the surtax applied on, the Japanese surtax applied on, and I may have put one or two things in there that the surtax was not applied on afterwards. The corrected list has been, however, filed with the Commission.

Q. When you say "that Canadians shipping to Japan are faced with the loss of the following business," and you set out the list, that was by reason of the Japanese surtax of 50 per cent. against the exports? A. Yes, which had been put on in violation against the favoured nation treaty.

Q. I know but the way these people were going to lose the business was because they could not get their stuff into Japan by reason of the 50% Japanese surtax? A. Yes.

Q. And you set out wheat, flour, fish, hides, &c. with the exports of each in dollars.

The yen invoice would have been calculated at 36¢ per yen.

The duty would have been collected on this value.

No dumping duty would be collected.

The Canadian Government would not agree to do this despite of the fact that Canadians shipping to Japan are faced with the loss of the following business:"

THE LEARNED: May I just say in that connection, there is a list there following. I was not certain at that time what the surtax applied on, the Japanese surtax applied on, and I may have put one or two things in there that the surtax was not applied on afterwards. The corrected list has been, however, filed with the Commission.

. When you say "that Canadians shipping to Japan are faced with the loss of the following business," and you set out the list, that was by reason of the Japanese surtax of 50 per cent, was it the exporter? .. Yes, which had been put on in violation against the favoured nation treaty.

.. I know but the way these people were going to lose the business was because they could not get their stuff into Japan by reason of the 50% Japanese surtax? .. Yes.

Q. And you set out wheat, flour, fish, hides,

A. Yes, for a year.

Q. And when you were referring to British Columbia and the west yesterday were these the exports which you had in mind? A. Those are the exports I had in mind.

Q. Yourletter goes on:

"(2) Inview of the fact that these Canadian industries are facing this loss because the Canadian Government will not meet the wishes of Japan, it would appear to be up to the Canadian Government to do everything possible to make the Japanese Government stop and think before putting the 50% surtax on Canadian goods; as you are aware this is not in effect yet."

Your letter being dated July 25th.

"The putting on of the surtax on Japanese goods other than raw silk would not be particularly effective, but as you are aware Japan is particularly touchy about any action which might result in developing the use of artificial silk as against Japanese silk, because their whole agricultural economy is based on farmers who farm part of the year and grow silk the rest."

Now, up to that point, I take it, that when you say that it would not be fair to these other Canadians, to ask to have the Canadian surtax against Japanese silk taken off, you are saying in that paragraph that the surtax against Japanese raw silk is really the

A. Yes, for a year.

Q. And when you were returning to British Columbia and the last yesterday were these the exports which you had in mind? A. Those are the exports I had in mind.

Q. Your letter goes on:

"(3) Having of the fact that these Canadian industries are facing this loss because the Canadian Government will not meet the wishes of Japan, it would appear to be up to the Canadian Government to do everything possible to make the Japanese Government stop and think before putting the 50% surtax on Canadian goods; as you are aware this is not in effect yet."

Your letter being dated July 20th.

"The putting on of the surtax on Japanese goods other than raw silk would not be particularly effective, but as you are aware Japan is particularly touchy about any action which might result in developing the use of artificial silk as against Japanese silk, because their whole agricultural economy is based on farmers who farm part of the year and grow silk the rest."

Now, up to that point, I make it, that even you say that it would not be fair to these other Canadians, to ask to have the Canadian surtax against Japanese silk taken off, you are saying in that paragraph that the greater portion Japanese raw silk is really the

only effective part of the Canadian Government's action.
A. Up to that time. That is to say, there was only two they could use as far as I could see, which was - cancel the favoured nation treaty and this ---
Q. And if the silk industry were to ask to have the surtax taken off the raw silk then it would just take the strength out of the Canadian Government's efforts to endeavour to get Japan to remove the Japanese 50% surtax against the other Canadian exporters.
A. Yes. I think an illustration of that would be in England. I am not speaking of the exact rates from memory. In England the British Government put a 32¢ a pound duty on Japanese raw silk and an internal tax on artificial silk of only 12 cents a pound and that has developed the artificial silk industry in Great Britain as against the silk industry and Japan does not like it. (Q. The reason that Japan is so nervous or touchy about surtax on exports from Japan on raw silk is that the Japanese are afraid that even though the raw silk industry in Canada has got to use raw silk and pay any tax that is on it, it might encourage the growing up of an artificial silk industry and the raw silk industry would go down and decrease the demand for Japanese raw silk?
A. That is quite correct, because the effects in England, for instance, on full-fashioned hosiery is that there is quite a lot of full-fashioned hosiery made from artificial silk instead of from the natural silk,

only effective part of the Canadian Government's a

A. Up to that time. That is to say, there was on

two they could use as far as I could see, which w

cancel the favoured nation treaty and this ---

Q. And if the silk industry were to ask to a

the surtax taken off the raw silk then it would jus

take the strength out of the Canadian Government's

efforts to endeavour to get Japan to remove the 30%

surtax against the other Canadian exports.

A. Yes. I think an illustration of that would be

in England. I am not speaking of the exact rates

from memory. In England the British Government

put a 33½ pound duty on Japanese raw silk and an

internal tax on artificial silk of only 12 cents a

pound and that has developed the artificial silk

industry in Great Britain as against the silk industry

and [illegible] Q. Then [illegible] again

is so nervous or touchy about surtax on exports from

Japan on raw silk is that the Japanese are afraid

that even though the raw silk industry in Canada has

not to use raw silk and pay any tax than is on it,

it might encourage the growing up of an artificial

silk industry and the raw silk industry would go down

and decrease the demand for Japanese raw silk?

A. That is quite correct, because the effects in Engl-

and [illegible] Q. Well-[illegible] industry in that [illegible]

is quite a lot of full-fashioned hosiery [illegible]

whereas in Canada up to the present time any production of full-fashioned hosiery from artificial silk is of a minor nature.

MR. McRUER: There is a high excise tax in England.

MR. KELLOCK: No, just the other way, high import duty and export duty on artificial silk is very much lower.

THE WITNESS: Six pence per pound.

Q. Then you go on:

"(3) For these reasons is it not possible that the Government would reply to representations from the silk industry about as follows: 'What do you want, gentlemen? By refusing the Japanese demands....."

That is, demands to get rid of the currency dumping legislation? A. Yes, that is right, currency dumping legislation on raw silk.

Q. "By refusing the Japanese demands in your interest we are causing heavy loss to a great many Canadian industries which shipped goods to Japan. Now you object....."

and you are dealing with an imaginary objector? A. Yes.

Q. "Now you object because we have taken the only effective action we know to make Japan reconsider their decision. To do so is only fair to the Canadian industries which are having their exports to Japan cut off. Would you

whereas in Canada up to the moment there was any prevention of full-fashioned hosiery from artificial silk is of a minor nature.

MR. McGEER: There is a sign against the in Japan.

MR. ROBSON: No, just the same as, sign in out duty and exact duty on artificial silk is very much lower.

THE CHAIRMAN: Six pence per pound.

Then you go on:

"(3) For there reason is it not possible that the Government would reply to representations in the silk industry about as follows: 'Just as you wish, practically by increasing the Japanese duties.....'

That is, demands to get rid of the currency dump by legislation? Yes, that is right, currency dumping legislation on raw silk.

"By forcing the Japanese demands in your interest we are causing heavy loss to a great many Canadian industries which supplied goods to Japan. Now you object....."

Yes.

"Now you object because we have taken the only effective action we have to make Japan reconsider their decision. To do so is

sooner have us do what Japan wants or do what we are doing? Take your choice."

A. That is right.

Q. And then you go on:

"I am not saying that all this is sound, or that representations should not be made, but I certainly think that all sides of the picture should be examined before any representations are made as to losses which will be sustained by the silk mills."

Those losses would be by reason of having to pay this surtax on imports of raw silk? A. What I had in mind that they had ordered silk which they could not get in before whatever duty was fixed at that time- they had sold goods against that silk and they would have to pay 33-1/3% surtax, and that condition was rectified later by the Order-in-Council.

Q. You say:

"The farmers have told the Government they will lose $2,421,138 in wheat; the flour millers have told them they will lose $842,539 in wheat flour; the fisheries have told them they will lose $504,402 in fish; the hide fellows have told them they will lose $212,336; the lumber people will lose $2,072,348, and the pulp people $1,869,163.

I would appreciate your views."

sooner have we do what Japan wants or do
that we are doing from now onwards.

Q. That is right.

Q. And then you go on:

"I am not saying that all this is sound,
or that representations should not be made,
but I certainly think that all sides of the
picture should be examined before any
representations are made as to losses which
will be sustained by the silk mills."

Those losses would be by reason of having to pay the
surtax on imports of raw silk? A. What I had
in mind that they had ordered silk which they could
not get in before whatever duty was fixed at that time
they had sold goods against that silk and they would
have to pay 33-1/3% surtax, and that condition was
rectified later by the Order-in-Council.

Q. You say:

"The dairyman has told the manufacturer that
will lose $2,421,182 in wheat; the flour millers
have told them they will lose $442,302 in wheat
flour; the flourlers have told them they will
lose $204,400 in flour; the hide tanners have
told them they will lose $[illegible]; the lumber
people will lose $2,[illegible], and the pulp people
$[illegible].

I would appreciate your views."

And in the results, Major Hallam, the industry did not request the Government to do anything about the surtax on raw silk? A. Not to take it off exactly. The point was - those figures were advanced figures - when I was writing that letter I did not have exact figures; it was the best information I had at the time.

Q. May I have Exhibit 277. This, Mr. Hallam, is a letter from Mr. Berry to Mr. Marx of the 17th of January, 1936, and it enclosed a confidential report prepared by Mr. J.H. Marx, Chairman of the Broadsilk Section, concerning a meeting of the Primary Textiles Institute on January 14th, 1936, and my friend referred to it yesterday and you said that you had some part in dictating this memo. Do you recall that? A. Yes, I dictated part of that. I don't know what words I put in. It was just notations put down, I dictated notes.

Q. You told my friend you did not know what parts you dictated and what part Mr. Marx dictated? A. That is right.

Q. Just to recall the matter, the evidence already shows - this was referring to the meeting of certain representatives of the Textile Industry with certain of the Ministers in January last? A. That is correct.

Q. And on that day, the evidence shows, that those interested from the Textile Industry standpoint met

and in the results, Major Hallam, the industry did not request the Government to do anything about the surtax on raw silk? A. Not to take it off exactly. The point was - those figures were advanced figures - when I was writing that letter I did not have exact figures; it was the best information I had at the time.

Q. May I have Exhibit 277. This, Mr. Hallam, is a letter from Mr. Perry to Mr. Parr of the 17th of January, 1936, and it enclosed a confidential [illegible] by [illegible], Chairman of the broadsilk section, concerning a meeting of the Primary Textiles Institute on January 14th, 1936, and my friend referred to it yesterday and you said that you had some part in dictating this memo. Do you recall that? A. Yes, I dictated part of it. I don't know what words I put in. It was just [illegible] dictated section.

Q. You told my friend you did not know what parts you dictated and what part Mr. Parr dictated? A. That is right.

Q. Just to recall the matter, the evidence already was - this was referring to the meeting of certain representatives of the Textile Industry with certain of the Ministers in January last? A. That is correct.

Q. And on that day, the evidence shows, that those [illegible]

in the morning. Then they later had a meeting with some of the Custom Officials, including Mr. Scully and then they went on in the afternoon to meet with the Ministers? A. Yes, that is correct, and then they caught the train, the Montreal people immediately caught the train afterwards, and some of us remained in Ottawa.

Q. And this memo says:

"The delegation was made up of members of the Primary Textile s Institute, and, in addition, two representatives from Courtaulds (Canada) Limited."

And then you speak about the meeting at the hotel at 9.30 in the morning to discuss what representations would be made to Mr. Scully, the bearing of section 36 (2) of the Customs Act, and Section 35 (2) of the Customs Act, was examined. You say --- A. No, I am not saying that.

Q. I should say the memo says that? A. Yes.

Q. The memo says:

"At 10 o'clock the entire delegation went to Mr. Hugh Scully's office, and Mr. Scully considered the meeting of such importance that he called in his technical staff to learn the details and the seriousness of the situation."

Is that correct? A. Yes.

Q. Then the memo goes on:

"A very thorough examination was made of

in the morning. Then they later had a meeting with some of the Customs officials, including Mr. Bonilly and then they went on in the afternoon to meet with the Ministers? A. Yes, that is correct, and then they caught the train, the Montreal people immediately caught the train afterwards, and some of us remained in Ottawa.

Q. And this memo says:

"The delegation was made up of members of the Primary Textile Institute, and, in addition, two representatives from Canadian (Canada) Limited."

And then you speak about the meeting at the hotel at 9.30 in the morning to discuss what representations would be made to Mr. Bonilly, the hearing of section 56 (2) of the Customs Act, and section 55 (2) of the Customs Act, was examined. You say ---

A. No, I am not saying that.

Q. I should say the memo says that? A. Yes.

Q. The memo says:

"At 10 o'clock the entire delegation went to Mr. Hugh Bonilly's office, and Mr. Bonilly considered the meeting of such importance that he called in his technical staff to learn the details and the seriousness of the situation."

Is that correct? A. Yes.

Q. Then the memo goes on:

"A very thorough examination was made of

the possibilities of using Section 36 (2) for the purpose of giving some protection to the Canadian Industries against Japanese importations."

Do you remember that discussion? A. Yes. What is that section?

Q. Well, the subject matter of this is important because I want to know what you are able to recollect yourself? A. Well, I remember we discussed all the different sections."

Q. Then this memo continues:

"Mr. Hugh Scully, after obtaining the opinion of his technical advisers on Section 36, sub-section 2, came to the opinion that it would be impossible to ascertain the cost of producing fabric of artificial silk or other textiles in Japan, because, in the first place, the Canadian Government has no customs offices in that country and, secondly, the information that would be required would be refused by the Japanese manufacturers."

Now, do you remember that? A. I can remember making the very definite statement that nothing could be done for us except under section 43 at that time. That is to say---

THE COMMISSIONER: That is, about fixed value?

THE WITNESS: Yes, had to be fixed value.

MR. KELLOCK: Q. The memo goes on:

the possibilities of using section 86 (1) for the purpose of giving some protection to the [illegible] industry [illegible] imports.”

Do you remember that discussion? . Yes. [illegible]

. Well, the subject matter of this is important because I want to know what you are able to recollect yourself? . Well, I remember we discussed all the different sections.”

. [illegible]

Mr. [illegible], after [illegible] the opinion of his technical advisers on section 6 , sub-sect. on 3, came to the opinion that it [illegible] [illegible] cotton textiles in Japan, because; in the first place, the Canadian Government has no customs offices in that country and, secondly, the information that could be required would be refused by the Japanese manufacturers.”

Now, do you remember that? . I can remember making the very definite statement that nothing could be done for us except under section 86 at that time. That is to say---

THE CHAIRMAN: That is, about fixed value?

THE WITNESS: Yes, and to be fixed value.

. [illegible] - The same [illegible]

"On the other hand, the Department, having had invoices of Japanese goods for 1934 and 1935, had sent out an appraiser's Bulletin to all Customs Houses in Canada, advising them that they were not to enter Japanese goods at prices lower than had previously been entered without consulting the Department at Ottawa." Now, do you remember that? A. I can remember being told about it.

Q. When? A. It must have been some time during the day at Ottawa. When, I don't know. I don't remember when that was. I saw Mr. Scully for a few minutes after the meeting and I saw Mr. Marx in Ottawa at night again, and when that came, I really don't know.

MR. McRUER: Mr. Hooper said that the letter was brought in during the Conference and put on the table.

MR. KELLOCK: I am asking the witness.

MR. McRUER: If you want the facts, that is in evidence.

MR. KELLOCK: I want the fact but I want to know what the witness knows about the fact because you did not ask him yesterday.

Q. Mr. Hallam, this is apparently dealing with the meeting in Mr. Scully's office in the morning before you went to see the Ministers? A. That is according to the memo?

"On the other hand, the Dominion, having had invoices of department goods for 1934 and 1935, had sent out an appraiser's bulletin to all customs officers in Canada, advising them that they were not to enter importations made at prices lower than had previously been entered without consulting the Department at Ottawa."

Now, do you remember that? A. I can remember being told about it.

Q. When? A. It must have been some time during the day at Ottawa. Then, I don't know. I don't remember when it was. I saw Mr. Lodge for a few minutes after the meeting and I saw Mr. Ross in Ottawa at night again, and when that came, I really don't know.

MR. McGUIRE: Mr. Hooper said that the letter was brought in during the Conference and put on the table.

MR. BLOOR: I am asking the witness.

MR. McGUIRE: If you want the facts, that is in evidence.

MR. BLOOR: I want the fact but I want to know what the witness knows about the fact because you did not ask him yesterday.

Q. Mr. Dalton, this is apparently dealing with the meeting in Mr. Lodge's office in the morning before you went to see the Minister?

A. That is according to the memo?

Q. Yes. I want to know whether you have any recollection just of what my friend refers to of Mr. Hooper bringing in this memo or anyt- discussion or reference to it in any way-- did that take place at that meeting? A. You mean at the meeting with Mr. Scully?

Q. In the morning? A. I cannot tell you. We were sitting around in a room, quite a number of us, we were reading documents and books and we were stirring about, a group would get together and discuss a point and I cannot tell you.

Q. Well, what you say is that you did learn of such a bulletin some time during that day? A. Some time during that day.

Q. You have just said you are not able to say that you learned of it at the meeting in Mr. Scully's office in the morning. Are you able to say whether you knew about it by the time you had met the Ministers or during the time you met the Ministers or after that time? A. I really don't know because we remained on discussing the matter until late at night.

MR. KELLOCK: I think it would be convenient to stop here just now.

THE COMMISSIONER: What about next week?

MR. McGUIGAN: I think it will be most convenient for us to sit here in Toronto and finish on ---

THE COMMISSIONER: Can anybody give me any idea

Q. Yes. I want to know whether you have any recollection just of what my friend refers to of Mr. Hooper bringing in this memo or any- discussion or reference to it in any way-- did that take place at that meeting? A. You mean at the meeting with Mr. Conlly?

Q. In the morning? A. I cannot tell you. We were sitting around in a room, quite a number of us, we were reading documents and books and we were talking about, a group would get together and discuss a point and I cannot tell you.

Q. Well, what you say is that you did learn of such a bulletin some time during that day?

A. Some time during that day.

Q. You have just said you are not able to say that you learned of it at the meeting in Mr. Conlly's office in the morning. Are you able to say whether you knew about it by the time you had met the Ministers or during the time you met the Ministers or after that time? A. I really don't know because we remained on discussing the matter until late at night.

Mr. Laidlaw: I think it would be convenient to stop here just now.

The Commissioner: Just where are we?

Mr. McLeod: I think it will be more convenient for us to sit here in Toronto and finish on ---

of how many more days?

MR. McRUER: It would take until Tuesday evening to finish up. That is my own estimate. Mr. Kellock intimated that Mr. Fisher's man would take some time.

MR. KELLOCK: Well, he may. I am not going to cover anything you cover.

THE COMMISSIONER: Where were we to go next?

MR. McRUER: To Dunnville. I have not definitely fixed it there but I have written to them to tell them to be ready whenever we can get there.

THE COMMISSIONER: Then we will adjourn until 10.30 A.M. on Monday, October 5th.

-- Whereupon the Commission adjourned at 12.30 P.M to resume at 10.30 A.M Monday, October 5, 1936.

---

of how many more days?

MR. MONDER: It would take until Tuesday evening to finish up. That is my own estimate. Mr. Rolls intimated that Mr. Vianey's man would take some time.

MR. [illegible]: Well, so may. I am not making [illegible].

THE COMMISSIONER: Where were we to go next?

MR. MONDER: To Dunnville. I have not definitely fixed it there but I have written to them to tell them to be ready whenever we can get there.

THE COMMISSIONER: Then we will adjourn until 10.30 A.M. on Monday, October 5th.

-- Thereupon the Commission adjourned at 12.30 P.M to resume at 10.30 A.M Monday, October 5, 1956.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

5

A.S. Whiteley, Secretary.

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15

SIXTY-SECOND DAY

(October 5th, 1936)

20

25

30

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co.
S.G. Dixon, K.C.	For Courtaulds, Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

----oOo ----

J.C. Ingham, K.C. and H. Hourigan, K.C.	Commission Counsel
[illegible], K.C. and [illegible], K.C.	The Council Committee on Primary Textile Industries.
G.G. Howard, K.C. Jim Gentles, K.C. and C.F. Millhiney,	For Dominion Textile Co.
[illegible], K.C.	For Commonwealth, Limited.
[illegible] Torrey, K.C.	For Canadian Celanese Ltd. and Canadian Silk Producers Limited.

Toronto, Ontario,
October 5, 1936

-- The Commission resumed at 10.30 A.M.

DOUGLAS HALLAM, Re-examination

BY MR. KELLOCK (Resumed):

Q. Mr. Hallam, you were asked as to what was the work of your Associations, and you were asked something as to what you had done before the Tariff Board. I would, therefore, like you to explain to his Lordship what it is your Associations did, and when you are doing that if you can give an accurate account of what you have done before the Tariff Board, - I think I would like it that way.

A. Do you mean just a sort of running account?

Q. What you have done before the Tariff Board, and also explain the work of your Associations?

A. Well, in the second budget of 1930, the Canadian duty rates on textiles were substantially increased.

BY MR. McRUER: Q. The second budget? A. Yes, the second budget. I think there were two budgets.

THE COMMISSIONER: Were there two sessions?

MR. McRUER: One in 1930 and the other in 1931.

THE WITNESS: There were two budgets in 1931.

THE COMMISSIONER: I think there were two sessions, in the winter and spring, and another in the Fall, after the Election.

MR. McRUER: Oh, yes.

THE WITNESS: There were two budgets in 1930, sir.

SECRETARY, WEEKLY,
October 5, 1938

-- The Commission resumed at 10.30 A.M.

DOUGLAS HALLAM, Re-examination

BY MR. KELLOCK (Resumed):

Q. Mr. Hallam, you were asked as to what was the work of your Associations, and you were asked something as to what you had done before the Tariff Board. I think, therefore, like you to consider to his Lordship what it is your Associations did, and when you are going that if you can give an accurate account of what you have done before the Tariff Board, - I think I would like it that way.

A. Do you mean just a sort of running account?

Q. What you have done before the Tariff Board, and also explain the work of your Associations?

A. Well, in the second budget of 1930, the Canadian duty rates on textiles were substantially increased.

BY MR. ROBERTS: Q. The second budget? A. Yes, the second budget. I think there were two budgets.

THE CHAIRMAN: Were t are two sessions?

MR. ROBERTS: One in 1930 and the other in 1931.

THE WITNESS: There were two budgets in 1931.

THE CHAIRMAN: I think there were two sessions in the winter and spring, and another in the fall, after the Election.

MR. ROBERTS: Yes.

THE WITNESS: There were two budgets in 1930, a

BY MR. McRUER: Q. The special session of 1930? A. That was the one I was referring to.

Q. I thought there was still another increase in 1931? A. What I said was, that at the second budget of 1930 the Canadian duty rates on textiles were substantially increased. At that time, 1930, I made representations to the Government on behalf of the Woollen and Knitting Association, and the Silk Association of Canada with regard to tariff matters. The Cotton industry, which had no association at that time, made their own representations, and, while Courtaulds were members of the Silk Association, the final arrangement was that Courtaulds and Celanese should make their own representations to the Government in regard to the tariff rates, - and that was what was done.

BY MR. KELLOCK: Q. And what happened? A. We got substantial increases in the textile schedules in 1930.

Q. Did you get everything you asked for? A. No. We got a lower rate on woollen and worsted cloth under the main tariff item than we asked for. The knit goods item, under the British Preferential rate, was increased only two and a half per cent. less ten, or net two and a quarter per cent. with no change in the French Treaty rate of 25 % which applied to about 20 foreign countries; there were 6 or 7 throwsters' items which were not changed, and, indeed, the result

BY MR. HOUSER: Q. The special session of 1930?

A. That was the one I was referring to.

Q. I thought there was still another increase in 1931? A. What I said was, that at the second budget of 1930 the Commission only votes on textiles and manufacturing machinery. At that time, I made representations to the Government on behalf of the woollen and knitting association, and the Silk association of Canada with regard to tariff matters. The Cotton industry, which had no association at that time, made their own representations, and, while countervailing were members of the Silk association, the final arrangement was that Countervailing and Dumping should make their own representations to the Government in regard to the tariff rates, - and that was what was done.

BY MR. KILLAM: Q. And what happened? A. We got substantial increases in the textile schedules in 1930.

Q. Did you get everything you asked for?

A. No. We got a lower rate on woollen and worsted cloth under the main tariff item than we asked for. The knit goods item, under the British preferential rate, was increased only two and a half per cent, instead of two and a quarter per cent, with no change in the French tariff rate of 25 % which applied to about 30 foreign countries; there were 6 or 7 thousand items which were not otherwise, and, instead, the result

of the changes, which were made in regard to throwsters was that the protection which they had prior to the 1930 budget was cancelled out.

Q. That is, as to throwsters? A. That is as to throwsters, yes.

Q. Well, going on then to 1931, what was the next thing that happened? A. There were some changes made in the silk schedule, in the 1931 budget. Those are all matters of record, and I could put a table in, if necessary.

Q. Well, what next had you to do, your Association? A. In 1932, the Empire Economic Conference at Ottawa was held, Following theConference, the British Preferential Duty Rates of 1930 were substantially reduced, in October 1932.

Q. Is that 1930 or 1931 rates? A. The rates put in in 1931, sir, or 1930, the rates were lowered. The reductions on wool yarn, wool cloth, and hosiery of all kinds, amounted to 25% of the specific duty, and on carpets and wool blankets 50% of the specific duties. The specific duties on cotton yarns and cotton cloth were reduced by 33-1/3%. There were no reductions in the silk or artificial silk duties. There were also t roughout the textile schedule some items free of duty from Great Britain. That is a summary of it. The matter is of record, and a table could be furnished, if necessary.

Q. Were there any representations that your

of the changes, which were made in regard to thermometers was that the protection which they had prior to the 1930 budget was cancelled out.

Q. That is, as to thermometers? A. That is as to thermometers, yes.

Q. Well, going on then to 1931, what was the next thing that happened? A. There were some changes made in the silk schedule, in the 1931 budget. Those are all matters of record, and I could put a table in, if necessary.

Q. Well, what next had you to do, your association? A. In 1932, the Empire Economic Conference at Ottawa was held. Following the Conference, the British Preferential Duty Rates of 1930 were substantially reduced, in October 1932.

Q. Is that 1930 or 1931 rates? A. The rates cut in in 1931, sir, or 1930, the rates were lowered. The reductions on wool yarn, wool cloth, and hosiery of all kinds, amounted to 33% of the specific duty, and on carpets and wool blankets 50% of the specific duties. The specific duties on cotton yarns and cotton cloth were reduced by 33-1/3%. There were no reductions in the silk or artificial silk duties. There were also throughout the textile schedule items free of duty from Great Britain. That is [illegible] of it. The matter is of record, and a table could be furnished, if necessary.

Q. Then came the [illegible]

Associations made at that time in 1932? A. Yes, we made representations to the Government, in 1932, prior to the Ottawa Conference, on behalf of the Woolen and Knit Goods Association and the Silk Association of Canada.

Q. From the standpoint of what your office and Associations did, did that entail very much work? A. Yes, it did. That would entail, I think, something like four or five months very heavy work in the preparations of briefs, because we dealt with every tariff item, and we had to call in extra help to carry out the work.

Q. Yes, and you prepared that material and did that labour. What else did you do in that connection? A. We prepared that material and presented it to the Government. We met the British woollen manufacturers in Ottawa, who attended the Conference, and discussed trade matters with them at that time. We got their views and they got our views. There were no British silk or artificial silk manufacturers at the Conference, so far as I know. I did hear there was a brief in the hands of some British Officials, but there was nothing said to me about it.

Q. Well now, was it as the result of the outcome of that Conference that the Tariff Board was set up? A. Yes. In the Ottawa Conference Agreement the Canadian Government undertook to set up

we made representations to the Government, in June, prior to the Ottawa Conference, on behalf of the Woolen and Knit Goods Association and the Silk Association of Canada.

Q. From the standpoint of what your Orders and Associations did, did that entail very much work?

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Q. Well now, was it as the result of the outcome of that Conference that the Tariff Board was set up? A. Yes. In the Ottawa Conference

Q. Yes. In the Ottawa Conference

a Tariff Board before which British manufacturers could appear in respect to the Canadian Tariff, and where Canadian manufactuerers could also appear and make representations. This was done, - this Board was set up.

Q. Then, following the setting up of the Board what happened, as far as you are concerned?

A. The British Wool Textile Delegation immediately made an application for a hearing on the Woollen Tariff Schedule, wool yarns and wool cloth. This was Reference No. 1.

Q. When was that? A. That application was made in May, 1933, but no brief was forwarded with the application. The Tariff Board at the time asked for a brief, and the Wool Textile Delegation said they would sooner send their - I think he is either president or chairman - and statistician for a discussion at Ottawa.

Q. This wool textile Association, is that the organization that you referred to some days ago as consisting of some 30 trade associations?

A. Yes, that is the one I referred to, - about 30 of them.

Q. I see. And what was the position of the Canadian Market for woollen and worsted cloths at that time? A. Well, up to that time the position of the market in Canada for woollen and worsted cloth, not including cut pile fabrics, was about as follows:

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Q. Then, following the setting up of the Board what happened, as far as you are concerned?

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Q. When was that? A. That application was made in May, 1936, but no brief was forwarded with the application. The Tariff Board at the time asked for a brief, and the Wool Textile Delegation said they would sooner send their - I think he is either president or chairman - and witnesses for a discussion at Ottawa.

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A. Yes, that is the one I referred to, - about 30 of them.

Q. I see. And what was the position of the Canadian Market for woollen pre worsted cloths at the time? A. Well, up to that time the position of the market in Canada for woollen and worsted cloth, not including cut pile fabrics, was about as follows:

- and the reason we did not include cut pile fabrics in it, my lord is that we could not obtain the comparable statistics from the English figures; they are not shown in detail and we could not get comparable figures for production inCanada.

BY THE COMMISSIONER: Q. What do you call these fabrics? A. Cut pile fabrics, sir.

Q. What is that? A. That is a fabric that is made on a plush loom, and the threads are cut so that it has got a pile on it, sir. I do not know hether you will remember a Bolivia cloth worn as coats; it looks like a short-hair cloth.

BY MR. KELLOCK: Q. Is it a velour? A. I was just going to say, in addition to that there is the wire cut which is so close to it that it is very difficult for appraisers to tell the difference., and while it is not made on a plush loom they have been forced to rule that this velour also comes under cut-pile but technically they are not made on plush looms, and statistics do not enable us to make a comparison of the market here.

BY MR. KELLOCK: Q. By the exception, have you got some figures there? A. Yes. This just includes wool and worsted cloths without cut-pile.

In the calendar year, 1930, in million lineal yards, Great Britain exported to Canada 12.4 yards; foreign countries exported, 4.8 million lineal yards, and Canadian Companies produced 5.2 million lineal yards.

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BY THE COMMISSIONER: Q. What do you call these fabrics? A. Cut pile fabrics, sir.

A. Yes, it is made on a plush loom, and the threads are cut so that it has got a pile on it, sir. I do not know whether you will remember a Bolivia cloth worn as coats; it looks like a short-hair cloth.

BY MR. KELLOCK: Q. Is it a velours? A. I was just going to say, in addition to that there is the wire cut which is so close to it that it is very difficult for appraisers to tell the difference, and while it is not made on a plush loom they have to treat it as cut pile velour. Also some under cut-pile but technically they are not made on plush looms and statistics do not enable us to make a comparison of the market here.

BY MR. KELLOCK: Q. By the exception, have you got some figures there? A. Yes. This just includes wool and worsted cloths without cut-pile.

In the calendar year, 1930, in million linear yards United Britain exported to Canada 12.4 yards; foreign countries exported, 4.3 million linear yards, and Australia exported 5.2 million linear yards

The total apparent market, therefore, was 22.5 million lineal yards. In percentages, ---

BY THE COMMISSIONER: Q. You are talking of what market? A. The total Canadian market, sir.

Q. Was what? A. The total was 22.5 million lineal yards, in 1930.

Q. And how was it supplied? A. It was supplied 12.4 from Great Britain, 4.8 from foreign countries, and 5.2 from Canada.

Q. That was in October? A. That is the 1930 picture, sir, before the Tariff rates were increased.

BY MR. KELLOCK: Q. And what are the percentages as between Great Britain and Canada? A. Great Britain was 55.3 per cent. Would it be all right if I state "Market" instead of "apparent market". It means the same. Great Britain was 55.3 per cent. and Canada produced 23.3 per cent.

BY THE COMMISSIONER: Q. And how much from foreign countries? A. The difference between those two figures, sir.

THE COMMISSIONER: Oh, yes.

MR. McRUER: That is in what fabric?

A. MR. KELLOCK: Woollen and worsted cloths.

Q. Cannot you follow that up to the time we are dealing with, Mr. Hallam? A. I was just going to get the figure for foreign countries, sir. It is 21.4 per cent. from foreign countries. At that time the French Treaty was in full effect, and applied to

The total apparent market, therefore, was 22.5 million lineal yards. In percentages, ---

BY THE CHAIRMAN: Q. You are asking of what market? A. The total Canadian market, sir.

Q. Yes, what? A. The total was 22.5 million lineal yards, in 1930.

Q. And how was it supplied? A. It was supplied 12.4 from Great Britain, 4.8 from foreign countries, and 5.2 from Canada.

Q. That was in October? A. That is the 1930 picture, sir, before the Tariff rates were increased.

BY MR. MILLOCK: Q. And what are the percentages in Great Britain and Canada? A. Great Britain was 55.4 per cent, A. Along Canadian lines of Canadian manufacture, it means the same. Great Britain was 55.5 per cent, and Canada produced 22.3 per cent.

BY THE CHAIRMAN: Q. And how much from foreign countries? A. The difference between those two figures, sir.

THE CHAIRMAN: Oh, yes.

MR. McGUIRE: That is in wool fabric?

A. MR. MILLOCK: Woollen and worsted cloths.

Q. Cannot you follow that up to the time we are dealing with, Mr. Millock? A. I was just going to get the figure for foreign countries, sir. It is 4.4 per cent. from foreign countries.

Q. Is that in full effect, and applied to

France, Czecho-Slovakia; they were shipping in as much as the Canadian mills were producing.

BY MR. McRUER: Q. Is that a fact, in quantity; you are dealing with percentages? A. These are in quantities, sir, these are not in dollars.

MR.KELLOCK: The imports were 4.8 million lineal yards from foreign countries, and Canada produced 5.2 million lineal yards.

Q. Now, what about 1931, Mr. Hallam? A. In 1930 the tariff rates were changed, and became effective in September, 1930, and the year 1931 was as follows: From Great Britain, 6.8 million lineal yards; foreign countries 2.4 million lineal yards, Canadian 7.3 million lineal yards, - the total market being 16.5 million lineal yards.

BY THE COMMISSIONER: Q. That was a decrease in the market? A. Yes. You will remember, my lord, that the depression was getting heavier all the time during that period. The percentage from Great Britain, in 1931, was 41.1 per cent., and Canadian 44.3 per cent.

BY MR. KELLOCK: Q. I figure the foreign at 14.6 per cent.? A. Pardon?

Q. The foreign figure appears to be 14.6 per cent. A. I did not work it out, - it is the difference. Yes, 14.6 per cent.

Q. And 1932? A. In 1932, if my memory serves me correctly there was no change in the wool schedule.

France, Czecho-Slovakia; they were shipping in as soon as the Canadian mills were producing.

BY MR. MACLEAN: Q. Is that a fact, in general; you are dealing with percentages? A. These are in quantities, sir, these are not in dollars.

MR.HALLAM: The imports were 4.3 million linear yards from foreign countries, and Canada produced 5.3 million linear yards.

Q. Now, what about 1921, Mr. Hallam? A. In 1920 the tariff rates were changed, and became effective in September, 1920, and the year 1921 was as follows: from Great Britain, 6.8 million linear yards; foreign countries 2.4 million linear yards, Canadian 7.6 million linear yards, - the total market being 16.8 million linear yards.

Q. Did Canada have a monopoly in the market? A. Yes. You will remember, My Lord, that the depression was getting heavier all the time during that period. The percentage from Great Britain, in 1921, was 41.1 per cent., and Canadian 44.5 per cent.

BY MR. HALLAM: Q. I figure the foreign at 14.6 per cent.? A. Pardon?

Q. The foreign figure appears to be 14.6 per cent.

A. I did not work it out, - it is the difference. Yes, 14.6 per cent.

Q. And 1922? A. In 1922, if my memory serves me correctly there had to change in the most economical

Great Britain exported 6.3 million lineal yards, and foreign countries dropped to 1.3 million lineal yards, and the Canadian production went up to 10.3 million lineal yards.

BY MR. McRUER: Q. Great Britain was 6.3 million lineal yards? A. Great Britain 6.3 million lineal yards, foreign 1.3 million lineal yards, and Canadian 10.3 million lineal yards; so that there was a total of 18 million lineal yards for the apparent market. The percentages were, Great Britain 35.5 per cent., Canadinan57.2 per cent.

MR. KELLOCK: Q. And foreign 7.3 per cent? A. Yes, foreign 7.3 per cent.

Q. I do not suppose, at that time, that the reductions made as the result of the Ottawa Conference, had made themselves felt? A. The reductions made at the Conference in 1932 have not shown themselves at that time.

Q. Yes. Then what happened? A. That was the situation when the Wool Delegation made their application to the Tariff Board in May, 1934. The President and Statistician of the Wool Textile Delegation came to Canada and put before the Tariff Board a secret method of comparing costs in the two countries. On July 5th and 6th, 1933, three representatives from our Woollen Association met the British Delegation and the Tariff Board, and we had to agree to secrecy before they would discuss it with us.

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BY MR. MONDOU: Q. Great Britain was 6.3 million linear yards? A. Great Britain 6.3 million linear yards, foreign 1.5 million linear yards, and Canadian 10.3 million linear yards; so that there was a total of 18 million linear yards for the apparent market. The percentages were, Great Britain 35.5 per cent, and Canada 57.2 per cent.

MR. WALLACE: Q. And foreign 7.3 per cent?

A. Yes, foreign 7.3 per cent.

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Q. That was before the British people would discuss it? A. Before the British people would discuss it with us, yes.

Q. Yes? A. They disclosed this method to us and gave us a chance over the week-end to think it over. We had another meeting with the Tariff Board and the representatives of the Wool Textile Delegation. Just there, I think I might add, I worked about 24 hours a day during that period, and there were about 170 pages of tables that I had to go over; it was night and day work at that time. The Englishmen were very anxious to catch a boat.

BY THE COMMISSIONER: Q. This was as to this cost method? A. As to this cost method, yes, my lord.

BY MR. McRUER: Q. Do you think you understood it? A. I did not understand it fully at that time, Mr. McRuer, but we worked for a long time on it.

(Page 8595 follows)

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BY THE CHAIRMAN: Q. This was as to this cost method? A. As to this cost method, yes, my lord.

BY MR. MEIGHEN: Q. Do you think you understood it? A. I did not understand it fully at that time, Mr. Meighen but we worked for a long time on it.

(Page 8899 follows)

We met the Wool Textile Delegation and the Tariff Board again on July 12th and reported that in our opinion the secret method suggested was unsound and gave the reasons in writing. The British delegates said they were prepared to stand or fall by their secret method, that they had been three years preparing it and they were quite prepared to stand or fall by it and the Tariff Board on the British recommendations over-ruled us and instructed us to prepare material on the British method which we started to do.

Q. Was there a hearing? A. The hearing was set for September 26th of the same year, which did not give us very much time. Owing to the great volume of material required and the short time available our side had to go into the hearing, the first hearing, without seeing their figures assembled in typewritten form. We had to employ accountants and outside help to get the material out. The public sittings started on the 29th of September, 1933 and were followed by sittings in camera which lasted from September 29 to October 9, 1933 --

BY THE COMMISSIONER: Q. In camera?

A. In camera, sir, from September 29th to October 9th, 1933. The reason for that was the Englishmen would not, or did not desire to do so, explain his secret method in public, or make comparisons of costs in public.

BY MR. KELLOCK: Q. That was their request?

A. That was the Englishmen's request, sir.

Q. Yes, alright? A. They told us there were

We met the Wool Textile Delegation and the Tariff Board again on July 1st and reported that in our opinion the secret method suggested was unsound and the reasons in writing. The British delegates said they were prepared to stand or fall by their secret method, that they had been three years preparing it and they were quite prepared to stand or fall by it and the Tariff Board on the British recommendation over-ruled us and instructed us to prepare material on the British method which we started to do.

Q. Was there a hearing? A. The hearing was set for September 26th of the same year, which did not give us very much time. Owing to the great volume of material required and the short time available our side had to go into the hearing, the first hearing, without seeing their figures assembled in presentation form. We had to argue, remonstrate and outside help to get the material out. The public sittings started on the 26th of September, 1926 and were followed by sittings in camera which lasted from September 29 to October 9, 1926 --

BY THE COMMISSIONER: Q. In camera?

A. In camera, sir, from September 29th to October 9th 1926. The reason for that was the Englishmen would not, or did not desire to do so, explain his secret method in public, or make comparisons of costs in public.

BY Mr. FRIZZER: Q. That was their request?

A. That was the manufacturer's request, sir.

Q. Yes, sir? A. They told us there

only three men in England who knew this secret method and they were not going to disclose it. That was the gist of it, and our committee had to undertake we would not disclose it to anybody in Canada.

Q. I see; my friend was asking you a minute ago whether you understood this method; what about that? A. I think ultimately-we saw what was wrong with it quite early, after five or six days' work on it, but it took a tremendous time really to understand it because there were such masses of tables.

Q. Did you get the British costs at that time?

BY THE COMMISSIONER: Q. Pardon me; in any event I think you told us the Tariff Board adopted that? A. Told us to go ahead with it. We said it wasn't right.

Q. But the Board adopted it as their method? A. No, sir, they adopted it as a method of exploration.

Q. Of what? A. Of exploring it. They said"the Englishman has taken a long time to prepare this method and he has been in business longer than you so you go ahead and prepare your case on his method and we will see what happens".

MR. KELLOCK: The Board ultimately rejected it, my lord.

Q. Yes, Mr. Hallam? A. Yes; on an agreed basis we exchanged costs, that is to say, the British set out a table they wanted us to fill in on our costs and the information they wanted on our costs, and this was filled in, with the originals filed with the Tariff

only three men in Belgium who knew this secret method and they were not going to circulate it. That was the plan of it, and one committee then to understand we would not circulate it to anybody in France.

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BY MR. CONSTANTINEAU: Q. Pardon me; in any event I think you told us the Lentz Board accepted that A. Held us to go ahead with it. We held it aren't right.

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Q. Yes, Mr. Mellam? A. Yes: on an exp

basis we explored cases, that is to say, the British set out a table they wanted us to fill in on our cases and the information they sent on our cases, and th was filled in, with the original file - the "ar

Board, and the Englishman did the same; he filed his originals, and those tables which the Englishman asked us for we filed. So we had an exchange of costs there.

Q. Did the Board get any independent information other than what you could furnish, and the British? A. Yes; subsequent to the hearing additional information was obtained from both the British and Canadian industries. There were hiatuses in the information that was required and information was obtained both from England and Canada. In fact, their statistician remained for some months -- he fell sick unfortunately -- but he remained for some weeks in Canada, and he worked on one side and I worked on the other through the Tariff Board exchanging views on what the various figures meant and how to fill in the hiatuses.

Q. There was no court hearing? A. No court hearing.

Q. Then, that was followed by the report? A. That is correct.

Q. What about that? A. On May 18th, 1934, the Tariff Board issued an interim report in which they stated that as the results obtained at that time were not sufficient on which to base a definite finding they were not going ahead.

Q. What happened? A. Shortly after the presentation of the interim report the Chairman of the Tariff Board had further correspondence with the leader of the British Wool Textile Delegation in England and asked for additional data. That is in Tariff Board Report -- page 10, Tariff Board Report of March 21, 1935.

Board, and the Englishmen did the same; he filed his originals, and those tables which the Englishmen sent us for we filed. So we had an exchange of some time.

Q. Did the Board get any independent information other than what you could furnish, and the British?

A. Yes; extra subsequent to the hearing additional information was obtained from both the British and Canadian industries. There were big issues in the information that was required and information was obtained both from England and Canada. In fact, their statistician remained for some months -- he fell sick unfortunately but he remained for some weeks in Canada, and he worked on one side and I worked on the other through the Tariff Board exchanging views on what the various figures meant and how to fill in the blanks.

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Q. What happened? A. Shortly after the presentation of the interim report the Chairman of the Tariff Board had further correspondence with the leader of the British wool textile delegation in England and asked for additional data. That is in Tariff Board report -- page 5[illegible], Tariff Board Report [illegible] 1[illegible].

Q. Did the Board get that? A. No; on page 11 of the same report the Tariff Board sets out that the British Delegation would not supply this additional data but submitted a document which is number W.1934a on July 30th, 1934. By arrangement this document was submitted to our office and over a period of time reports were submitted by our industry to the Tariff Board on the contents of that British document. In other words, we went through their figures and checked them.

Q. Yes? A. Now, concerning document number W.1934a the Tariff Board in their report says, page 11:

"In document W.1934a the British Delegation explicitly agreed that the Board has been justified in rejecting as unsound for the purposes of making comparisons between British and Canadian wool textile costs the method originally devised and advocated by the Delegation."

Q. That is their original secret method?

A. That is their original secret method.

Q. They subsequently agreed then, that it was unsound?

A. Not till July 30th, sir.

Q. 1934? A. 1934. It was impossible really to go ahead in completing the thing until the secret method was out of the road, really. It was holding everybody back. Finally, when they agreed that the secret method was no longer right and put other methods before the Tariff Board the business went on again.

Q. Did the board get that? A. No; on page 11 of the same report the Tariff Board sets out that the British Delegation would not supply this additional data but submitted a document which is dated W.1924a and July 24th, 1924. It was submitted to our office and over a period of time reports were submitted by our Secretary to the Tariff Board on the contents of that British document. In other words, we went through their figures and checked them.

Q. Very A. Now, referring to W.1924a the Tariff Board in their report says, page 11, paragraph W.1924a the British Delegation stoutly agreed that the Board has been justified in rejecting the system of "Selling" between British and Canadian wool textile costs method originally devised and advocated by the Delegation."

Q. That is their original secret method?

A. The t is their original secret method.

Q. [illegible]

Not till July 24th, sir.

Q. Right? A. Now. It was impossible really, to go ahead in completing the thing until the secret method was out of the road, really. It was [illegible] selling [illegible]. Then (1), when they agreed that the secret method was no longer right and put [illegible] before the Board [illegible] Tariff [illegible].

BY THE COMMISSIONER: Q. Did you and they ultimately agree on a method as being sound? A. Pardon?

Q. Did you and the British delegation agree on a method? A. We did on certain things but not all.

Q. Not in toto? A. Not in toto, sir; the things we agreed on were two, and which finally formed the basis of the Tariff Board report. The two things we agreed on were that the comparison of wages in England and Canada was correct, the wage rates in England and Canada were correct, and the second thing was that the relation of overhead to wages was correct. Those are the two things we were able to agree on finally with the British.

BY MR. KELLOCK: Q. Then, that brings us down to the report which was made by the Board on that application? What is the date of the final report? A. March 21, 1935; I may say, my lord, that the final report I made, and it was really a steady job over this period of time, was made on December 31, 1934, sir. It was a very long and involved report.

BY THE COMMISSIONER: Q. That is your report? A. That is my final report, sir.

Q. Your case? A. It was a summing up of all the information we had, sir.

BY MR. KELLOCK: Q. Then, the Tariff Board report was in March? A. It was in March of the following year, sir.

Q. Did it find its way into the budget? A. Their recommendations were implemented in the budget

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of that year.

BY THE COMMISSIONER: Q. That is last year?

A. Pardon?

Q. 1935? A. 1935. The result was that the tariff on yarns was left unchanged and there were adjustments, which in effect were reductions in the main cloth item. It is a little hard to express it any other way because they cancelled one item, knocked two items into one, but the general effect of it was an actual reduction in duty, reduced not very much but there was a reduction.

MR. McRUER: We don't feel it much when we go to buy a suit of clothes.

MR. KELLOCK: I hope you buy a Canadian suit.

MR. McRUER: Well, I venture you haven't got one on.

MR. KELLOCK: I think I have.

MR. McRUER: My tailor tells me he doesn't carry it.

MR. KELLOCK: Change your tailor.

MR. McRUER: Mighty few of them do.

BY MR. KELLOCK: Q. You gave His Lordship some few moments ago some figures as to how the Canadian market was shared between the British, Canadian and foreign producers. We brought that down to 1933 --

THE COMMISSIONER: 1932.

MR. KELLOCK: 1932. Can you now --

A. Give the same figures?

Q. Yes, go on with them. A. For the subsequent years?

Q. Yes. A. These are calendar years, my lord, the same as the previous ones. 1933, the imports from

of that year.

BY THE COMMISSIONER: Q. That is last year?

A. Yes, sir.

Q. 1935? A. 1935. The result was that the tariff on yarns was left unchanged and there was a readjustment, which in effect were reductions in main cloth items. It is a little hard to express it any other way because they cancelled one item, among two items into one, but the general effect of it was an actual reduction in duty, reduced not very much but there was a reduction.

MR. MORGAN: We don't feel is much when we go to a suit of clothes.

MR. FERGUSON: I hope you buy a Canadian suit.

MR. MORGAN: Well, I venture you haven't got one.

MR. FERGUSON: I think I have.

MR. MORGAN: My tailor tells me he doesn't carry

MR. [illegible]: [illegible].

MR. MORGAN: Mighty few of them do.

BY MR. FERGUSON: Q. You gave this Australian case a moment ago some figures as to how the Australian market was shared between the British, Canadian and foreign producers. We brought the i down to 1936 --

THE COMMISSIONER: 1936.

MR. FERGUSON: 1936. Can you now --

A. Give the same figures?

Q. Yes, go on with them. A. Not the same figures?

Q. Yes. A. There are another four, the same as the previous ones. 1936, the imports

from Great Britain amounted to 8.1 million lineal yards, foreign countries .5 million lineal yards, that is, 500,000 yards; Canadian, 13.3 or a total market of 21.9 million lineal yards. In per cent. Great Britain was 36.9 and Canada 60.7.

Q. I have got the foreign as 2.4? A. The foreign would come out to 2.4. In 1934 Great Britain exported 9.8 million lineal yards to Canada which is an increase, as you will notice, of 1.7 million lineal yards. Foreign countries remained the same at .5 and the Canadian was 13.9, and the total was 24.2 so that Great Britain had 40.4% of the market and the Canadians had 57.4%.

Q. And the foreign figures is 2.2? A. The foreign figure is 2.2. In 1935 Great Britain had 10.0, that is, ten million lineal yards; the foreign countries still .5 and the Canadian 14.7 or a total market of 25.3 million lineal yards. Great Britain had 39.7% in 1935 and Canada 58.2% and --

Q. And the foreign is 2.1? A. The foreign is 2.1.

Q. So Great Britain had, in 1935, about 40% of the market and Canada about 58%? A. And Canada about 58%.

Q. Now, you told his lordship a moment or so ago, Mr. Hallam, that one of the two things that had been agreed on so far as the costing method was concerned as between Canada and Great Britain was costs of wages? A. Was the wages in the two countries.

Q. Now, have you got some figures on that that were

from Great Britain amounted to 5.1 million linear yards, foreign countries .5 million linear yards, that is, 500,000 yards; Canadian, 18.8 or a total market of 21.9 million linear yards. In per cent, Great Britain was 58.3 and Canada 50.7.

Q. I have got the foreign as 2.4? A. The foreign would come out to 2.4. In 1934 Great Britain exported 5.8 million linear yards to Canada which is an increase, as you will notice, of 1.7 million linear yards. Foreign countries remained the same at .5 and the Canadian was 18.8, and the total was 24.2 so the Great Britain had 60.4% of the market and the foreign had 27.4%.

Q. And the foreign figures is 2.2? A. The sign figure is 2.2. In 1935 Great Britain had 17. that is, ten million five linear yards; the foreign countries still .5 and the Canadian 14.7 or a total market of 25.2 million linear yards. Great Britain had 39. in 1935 and Canada 58.2% and --

Q. And the foreign is 2.1? A. The foreign is 2.1.

Q. So Great Britain had, in 1935, about 40% of the market and Canada about 58%? A. And Canada about 58%.

Q. Now, you told his Lordship a moment or so ago, Mr. Mallam, that one of the two things that had been agreed on so far as the costing method was concerned as between Canada and Great Britain was costs of wages. Was the wages in the two countries.

Hallam,

actually put in at that time? A. Well, I have got a short summary here. This was very long, you know, there is a tremendous amount of them.

BY THE COMMISSIONER: Q. You told us the other day it amounted to 60%? A. I could give you a short table here, sir, which prices are from appendix 1-C of the Tariff Board report as part of that report, sir. They are short figures --

MR. McRUER: File the table.

MR. KELLOCK: I will put in the table.

THE WITNESS: It is a very short table; it is the average wages per hour in cents.

MR. KELLOCK: We will file the table, Mr. Hallam; I have it here.

THE COMMISSIONER: It will be exhibit 646.

EXHIBIT NO. 646: Table showing average wages per hour in cents, Canada and Great Britain.

MR. KELLOCK: It shows, my lord --

BY THE COMMISSIONER: Q. It shows the table as found by the Tariff Board? A. No, my lord, it is part of what they found -- it is shortened down into a small table.

Q. It shows the figures as found by the Tariff Board? A. Exactly, sir.

MR. KELLOCK: The average wages per hour in cents, my lord; there are just five items, girls in Great Britain are 8.90, Canada 20.00; adult females in Great Britain 14.83 and in Canada 24.42; youths and boys, Great Britain, 10.38, Canada, 20.23; adult males

actually put in at that time? A. Well, I have got a short summary here. This was very long, you know, there is a tremendous amount of them.

BY THE COMMISSIONER: Q. You told us the other day it amounted to 6000? A. I could give you a short table here, sir, which prices are from appendix I-C of the Parliamentary report as part of that report, sir. They are about figures --

MR. MACLEOD: File the table.

MR. MULLOCK: I will put in the table.

THE WITNESS: It is a very short table; it is the average wages per hour in cents.

Q. CONTINUED: Is that what the table, Mr. Mullock, I have it here.

THE COMMISSIONER: It will be exhibit 646.

EXHIBIT NO. 646: Table showing average wages per hour in cents paid as at first hiring

MR. MULLOCK: It shows, my lord --

BY THE COMMISSIONER: Q. It shows the table as found by the Parliamentary? A. No, my lord, it is part of what they found -- it is abbreviated down into a small table.

Q. It shows the figures as found by the Parliamentary? A. Exactly, sir.

MR. MULLOCK: The average wages per hour in cents, my lord; these are just five items, girls in dress shelter are 8.20, Canada 20.00; adult females in dress shelter 14.85 and in Canada 24.42; youths and boys, semi skilled, 22.17, Canada, 22.22; adult

in Great Britain 28.33 and in Canada 37.00; all employees, Great Britain, 16.90, Canada 30.19. Now, that is the story about the woollen and worsteds, is it?

A. Yes, that was a very heavy hearing, my lord; it took a tremendous amount of time. It was going on steadily for about a year and a half.

Q. What other matters have you been interested in so far as the Tariff Board is concerned? A. Yes, on October 30, 1933, the Tariff Board received a brief from the hosiery and knitting industry in Great Britain under reference one. This was put forward to the Canadian Woollen and Knit Goods Manufacturers' Association by the Tariff Board. We had considerable preparatory work on this hearing for a year. We carried out -- the Tariff Board gave us certain instructions that they wanted certain figures and we started to collect them.

Q. You say for a year; what does that imply? A. Well, say over the period of a year from the time the Tariff Board brought it to our attention.

Q. What would that involve? A. We had to get cost sheets out. We sent out a survey of wages for the entire knitting industry which takes a tremendous amount of time to get in. We had to cover the entire industry and we examined into samples and made suggestions to them to add to the list so they would be more representative, and so on. The whole question of how the case was to be conducted was gone into during that period.

Q. Did it actually take a large part of your time?

in Great Britain £4.25 and in Canada $7.00; all employe

Great Britain, 16.10, Canada 20.10. Now, that is

the story about the woollen and worsteds, is it?

A. Yes, that was a very heavy decline, my lord; it to

a tremendous amount of time. It was going on steadi

for about a year and a half.

Q. What other matters have you been interested

so far as the Tariff Board is concerned? A. Yes

October 20, 1930, the Tariff Board received a brief

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mation that they needed certain figures and we started

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the Tariff Board brought it to our attention.

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amount of time to get in. We had to cover the entire

industry and we selected into samples and made suggest

ions to them to add to the list so they would be more

representative, and so on. The whole question of h

[illegible]

[illegible]

[illegible]

A. It took a considerable part of my time. What happened to that is shown in the Tariff Board report on March 21, 1935. Is it available?

Q. Pardon? A. What happened to that hearing is set out in the Tariff Board report of March 21, 1935.

MR. McRUER: I was not intending to make any contention that Mr. Hallam was not very vigorous in the promotion of the interests of the industry.

MR. KELLOCK: As I understood the questions asked you direction attention to the interest of the Association in prices and went on to ask the witness what else he did and he spoke of the sales tax and then you lost interest. I think it has a two-fold relevance here. It shows what the work of these Associations is and it also shows the situation so far as the industry was concerned.

THE COMMISSIONER: Go on; there is no reason why you should not put in your case.

MR. KELLOCK: Yes, my lord.

THE WITNESS: In connection with this, what happened to it was that the Tariff Board -- I am just paraphrasing it, it is right in the Tariff Board report -- I am just paraphrasing, if that is the correct word -- what happened was that the Tariff Board asked additional information and additional samples from the Englishmen for their case and they were never sent over. They dropped the case.

BY THE COMMISSIONER: Q. What case was that? A. That is the one on knit goods, sir. That is the hosiery

a. It took a considerable part of my time. But h-
to that is shown in the Tariff Board report on March
1926. Is it available?

Mr. McLEAN: Yes, that document is available.

5 ing is set out in the Tariff Board report of March
31, 1926.

Mr. McLEAN: I was not interested in making any
suggestion that Mr. McLean was not very vigorous in
the promotion of the interests of the industry.

10 Mr. HAMILTON: As I understood the questions and
the discussion in the Department of Customs and Exci-
sation in Ottawa and went on to ask the witness what
else he did and he spoke of the sales tax and then you
lost interest. I think it has a two-fold relevance
15 here. It shows what the work of these associations
is and it also shows the situation as far as the Gov-
ernment was concerned.

THE CHAIRMAN: Go on; there is no reason why
you should not put in your case.

20 Mr. HAMILTON: Yes, my lord.

THE CHAIRMAN: In connection with this, what happ-
ened was that the Tariff Board -- I am just summarizing
it, it is right in the Tariff Board report -- I am
paraphrasing, if that is the correct word -- what happ-
25 ened was the Tariff Board [illegible]
and additional samples from the Englishman for their
case and they were never sent over. There is nothing
else.

30 BY MR. HAMILTON: Q. What came the Tariff
A. That is the one on hair goods, sir. That is the

and knit goods. They suggested, finally suggested that we sit around the table and discuss the hosiery tariff item. Our reply was we were quite prepared to do that provided they put the knit goods item in. We thought that the two should run together, and on the suggestion of doing that we never came together, never came together on that.

BY MR. KELLOCK: Q. You say that is in the Tariff Board report? A. That is completely in the Tariff Board report, except my last statement. I don't think there is anything said about sitting around the table. The complete history takes about two pages.

Q. Now, what else of that nature? A. Then came reference number 39.

Q. What was that? A. In November, 1933, the Silk Association of Canada put in to the Tariff Board a brief asking on behalf of the silk throwsters and thread manufacturers an upward revision of tariff item number 558d on the intermediate and general tariff rates, but not on the British preferential tariff rates. In other words, we asked for no increase in the British preferential rates, but an increase in the intermediate and general. The throwsters' business, sir, is to take the silk yarns, sir, natural silk yarns or artificial silk yarns and further prepare them for manufacture.

BY THE COMMISSIONER: Q. Further prepare them for manufacture? A. Yes; for instance, they take the raw silk as it has been unreeled from the cocoons.

and raft goods. They suggested, finally, that we sit around the table and discuss the budget tariff item. Our reply was we were quite prepared to do that provided they put the raft goods item in. We thought that the two months run together, and on the suggestion of doing that we never came together, never came together on that.

BY MR. KILGOUR: Q. You say that is in the tariff board reports? A. That is completely in the tariff board report, except my last statement. I don't think there is anything said about sitting around the table. The complete history takes about two pages.

Q. Now, what else of that nature? A. Then came Lawrence Wheeler on.

Q. What was that? A. In November, 1929, the Silk Association of Canada put in to the tariff board a brief asking on behalf of the silk throwsters and thread manufacturers an upward revision of tariff item number 2664 on the intermediate and general tariff rates, but not on the British preferential tariff rates. In other words, we asked for no increase in the British preferential rates, but an increase in the intermediate and general. The throwsters' business, sir, is to take the silk yarns, sir, natural silk yarns or artificial silk yarns and twist them for manufacturers.

BY THE COMMISSIONER: Q. Further prepare them? A. Yes, sir. Q. Yes, sir. Then the raw silk as it has been unreeled from the cocoon

They open the bales, examine it, soak it in water -- I am just talking now from memory, I haven't seen the operation for some time -- soak it in water, with some chemicals, possibly. They then take that yarn and it is a process -- throwing is a process similar to spinning, sir.

Q. It is the initial process, then? A. It is preparing the thread for the weavers and the knitters, si In artificial silk yarn they throw singles, actually put the twist into the singles, sir, and that is the process they were asking protection on.

BY MR.KELLOCK: Q. Yes? A. In some cases the amount of labour they put into it, labour and overhead cost -- they are nearly all commission workers-- is as much as the raw material costs, and they were asking for protection on that. This was heard by the Board in November, 1934. At that time there was no spread between the price of the raw material used by the throwster, that is, in this case, single artificial silk yarn, and its finished product, that is, thrown artificial silk yarn. There had been x prior to 1930. There had been a spread as between his raw material, as far as artificial silk yarn was concerned, and his finished product, thrown yarn, but the adjustment in 1930 had taken it away from it.

Q. What happened? A. In the interim report on acetate yarn of May 19, 1934, the result -- that report was implemented by the Parliament -- the result was to give the throwsters a spread under the British preferential but gave no spread on the intermediate and

They open the bales, examine it, soak it in water -- I am just talking now from memory. I haven't seen the operation for some time -- soak it in water, with some chemicals, possibly. They then take the yarn and it is a process -- throwing is a process similar to spinning, sir.

Q. It is the initial process, then? A. It is preparing the thread for the weavers and the knitters. In artificial silk yarn they throw singles, actually the twist into the singles, sir, and that is the process they were asking protection on.

MR. PRINCE: Q. Yes? A. In some cases the amount of labour they put into it, labour and overhead cost -- they are nearly all commission work, is as much as the raw material costs, and they were asking for protection on that. This was heard by the Board in November, 1924. At that time there was a spread between the price of the raw material used by the throwster, that is, in this case, single artificial silk yarn, and its finished product, that is, thrown artificial silk yarn. There had been a price to there had been a spread as between her raw material, for as artificial silk yarn was concerned, and his finished product, thrown yarn, but the adjustment in 1920 had taken it away from it.

Q. What happened? A. In the interim report of the year of May 19, 1924, the result -- that report was implemented by the Parliament -- the result was to give the throwsters a spread under the British preferential but gave no spread on the intermediate

general tariff rates.

Q. In other words, you got what you didn't ask for? A. We got what we didn't ask for and what we asked for we didn't get. There was another hearing on this on December 9, 1936, but in their final report in April, 1936, no recommendation was made for a spread in the intermediate and general tariff rates between raw material and finished product, sir. That is to say, the condition still remains that as far as the general and intermediate tariff is concerned the throwsters' raw material is on the same basis as their finished product.

Q. Does that cover that particular application? A. Yes; there was a fair amount of work in connection with that because the Tariff Board was continually asking for surveys of the industry as to production and so on.

Q. There was a reference while you were being examined by my friend as to an application having to do with acetate yarns? A. Yes, that was reference ~~xx~~ 38, item 558b.

Q. Deal with that please? A. On December 14, 1933, Mr. R.P. Sparks of Ottawa wrote to the Finance Minister on behalf of the users of cellulose acetate yarns and asked for a Tariff Board hearing.

Q. Mr. Hallam, when you were being examined by my friend there was some suggestion as to whether that application was on behalf of the Silk Association or whether, as you said, it was on behalf of certain interested mills? A. Yes.

general tariff item.

Q. In other words, you got what you didn't ask

A. We got what we didn't ask for and what we asked for we didn't get. There was another hearing on this on December 5, 1956, but in their final report in April, 1956, no recommendation was made for a spread in the intermediate and general tariff rates between raw material and finished product, sir. What is to say, the condition still remains that as far as the general and intermediate tariff is concerned the importers' raw material is on the same basis as their finished product.

Q. Does that cover that particular application?

A. Yes; there was a fair amount of work in connection with that because the Tariff Board was continually asking for surveys of the industry as to production and so on.

Q. There was a reference while you were being examined by my friend on to an application having to do with acetate yarns? A. Yes, that was referred as 3B, item 5555.

Q. Deal with that please? A. On December 1956, Mr. H.I. Sparks of Ottawa wrote to the Finance Minister on behalf of the makers of cellulose acetate yarns and asked for a Tariff Board hearing.

Q. Mr. Mulligan, when you were being examined by friend there was some conversation as to whether that application was on behalf of the Silk association or whether, as you said, it was on behalf of certain interested mills? A. Yes.

Q. Now, I have here, and it can be filed, if desired, a notice from the Tariff Board of a public sittings for, among others, January 22, 1934, reference number 38, application by R. P. Sparks, Ottawa, for a revision of customs duty on artificial silk yarns of a class known as cellulose acetate yarns; is that the application to which you referred? A. May I see that? Yes, that is the application.

Q. Was Mr. Sparks acting for the Association as a whole? A. No, sir, he was acting for several mills in the Broad Silk group.

Q. Can you tell His Lordship who they were? A. They were disclosed at the time, I think, were on the official records -- Grout's -- do you want the full name, or just the trade name?

Q. Well, so we can understand them? A. Grout's, Bruck, Louis Roessel, Associated, Consolidated, Bing, British American.

BY MR. McRUER: Q. Which one did Mr. Cowling belong to? A. Louis Roessel, sir.

BY MR. KELLOCK: Q. There was a letter already in written by Mr. Cowling on Silk Association paper, a letter from him to Mr. Bates complaining about an article in the Textile Journal, and you say Mr. Cowling was an officer of the Louis Roessel Company? A. Of the Louis Roessel Company, yes; there were 13 members in the fabric group of the Silk Association at that time, my lord. As all were not in agreement on this matter the Silk Association did not take it up.

Q. There were about seven out of the thirteen?

Q. Yes, I have here, and it can be filed, it [illegible], a photo from the Spirit Room of a [illegible] catalogue for [illegible], Jewelry co., Inc., [illegible] [illegible] 5", application by H. F. [illegible], [illegible], for a variation of crushed [illegible] or artificial silk yarns of a [illegible] or cellulose acetate yarns; is that the application to which you referred? A. Yes, there is the application.

Q. Was Mr. [illegible] acting for the Association at that? A. No, sir, he was acting for [illegible] in the Great Silk Group.

Q. Can you tell Mr. [illegible] who they were? A. They were disclosed at the time, I think, were in the official records -- Great's -- do you want the full name, or just the [illegible]?

Q. Well, so we can understand them? A. [illegible] [illegible], [illegible], [illegible], [illegible], [illegible], [illegible] [illegible] British [illegible].

BY Mr. [illegible]: Q. When was old Mr. [illegible] [illegible] Textile Journal, sir?

BY Mr. [illegible]: A. There was a letter already in evidence by Mr. [illegible] on Silk [illegible] to [illegible], a from him to Mr. [illegible] complaining about an article in the Textile Journal, and you say Mr. [illegible] was an officer of the [illegible] Council Company? A. Of [illegible] Council Company, yes; there were [illegible] members in the fabric group of the Silk Association at that time, [illegible]. As all were not in agreement on this matter the Silk Association did not take it up.

Q. There were about seven out of the thirteen?

A. Out of the 15 and they employed Mr. Sparks to put their case before the Government. On January 22 and 29, 1933 -- no, I am sorry, on January 22 and 29 and on February 1st and 28th of 1934 the Tariff Board held hearings on this matter. I appeared at some of the hearings, but not all, with a watching brief for the Silk Association of Canada. Our knitters were interested, for example. May 19, 1934, the Tariff Board brought in an interim report recommending that the British preferential tariff rates on both acetate and viscose yarns be reduced under the British preferential from 25% or 28¢ per pound, whichever was the higher, to 20% or 20¢ per pound, whichever was the higher. This was implemented in the budget of that date, of that time.

Q. Did it deal with viscose yarns as well as acetate? A. Yes, the reduction was on both viscose and acetate.

Q. When did the Board bring in this report? A. Well, it would be just before the budget; it was on May 19, 1934; that would be two or three days before the budget, I think.

Q. That is the interim report? A. That is the interim report.

Q. Then, it started off with an application for acetate only; was it broadened to include viscose? A. Yes, the Finance Minister advised the Tariff Board to widen reference 38 to include artificial silk viscose yarns as well as acetate yarns.

A. Out of the 3c and they employed Mr. Sparks to put their case before the Government. On January 22 and 23, 1935 -- no, I am wrong, on January 22 and 23 on Monday last and both of them the Tariff Board held hearings on this matter. I appeared at some of the hearings, but not all, with a matching brief for the silk association of Canada. Our interests were interested, for example. On 19, 1934, the Tariff Board brought in an interim report recommending that the British preferential tariff rates on both acetate and viscose yarns be reduced under the British preferential from 25% or 30% per pound, whichever was the higher, to 20% or 20% per pound, whichever was the higher. This was implemented in the budget of that date, or that time.

Q. Did it deal with viscose yarns as well as acetate? A. Yes, the reduction was on both viscose and acetate.

Q. When did the Board bring in this report?

A. Well, it would be just before the budget; it was May 19, 1934; that would be two or three days before the budget, I think.

Q. That is the interim report? A. That is interim report.

Q. Then, it started out with an application for acetate only; was it broadened to include viscose? A. Yes, the Finance Minister advised the Tariff Board to widen reference so as to include artificial silk viscose yarns as well as acetate yarns.

Q. When was that dealt with? A. That was notified to us in a letter; I am not sure of the exact date. I could not find it. On December 9, 1935 the Tariff Board hearing was held on these yarns.

Q. Yes? A. The result was that the Tariff Board brought in a report in April, 1936, and the changes they recommended were made in the May, 1936 budget.

Q. What were they? A. The recommendations, or what was carried out was that the British preferential was reduced to 5% on cellulose acetate yarns and the duty rate of 20% less ten was left on the viscose yarns but the alternative specific duties were removed on both viscose and acetate yarns.

Q. Then, there was been a reference in the evidence to a cotton hearing; what reference -- I think that is reference 83? A. Yes, the cotton hearing is reference 83.

Q. What took place at that time? A. It was on cotton yarns and cotton fabrics.

BY THE COMMISSIONER: Q. When was this? A. That was January 17, 1935, my lord. It followed right on the other hearing.

BY MR. KELLOCK: Q. Cotton yarns and cotton fabrics? A. And artificial silk fabrics.

Q. Yes. A. That was --

Q. That was a request by the British manufacturers? A. Yes, that was a request by the British manufacturers. It was made on January 17, 1935.

Q. What took place about that? A. Mr. H. G. Hughes--

Q. When was the t oself-help? A. That was notified to us in a letter; I am not sure of the exact date. I could not tell it. On December 9, 1958 the Tariff Board hearing was held on these yarns.

Q. Yes? A. The result was that the Tariff Board brought in a report in April, 1959, and the other two recommendations were made in the May, 1959 budget.

Q. What were they? A. The recommendations, o what was carried out was that the British preferenti was reduced to 35% on spun-rayon acetate yarns and the duty rate of 30% less ten was left on the viscose yarns but the alternative specific duties were removed on both viscose and acetate yarns.

Q. Then, there was been a reference in the evidence to a cotton heating; what reference -- I think that i reference by? A. Yes, the cotton heating is reference by.

Q. What took place at that time? A. It w on cotton yarns and cotton fabrics.

BY THE COMMISSIONER: Q. When was that? A. The was January 17, 1958, on June. In October we w with heating.

BY MR. E. LUCAS: Q. Cotton yarns and cotton fabrics A. And artificial silk fabrics.

Q. Yes. A. That was --

Q. That was a request by the British manufacturers A. Yes, that was a request by the British manufactur It was made on January 17, 1958.

Q. What took place about that? A. Mr. A. Mr. --

Q. Who is he? A. He represented the Cotton and Artificial Silk Textile Delegation from Great Britain.

Q. What about him? A. He visited Canada in April, 1935 to arrange preliminaries and sampling methods.

Q. Yes? A. The Englishmen put forward what was finally called the small sampling method and we did not like it very much but the Tariff Board said "go ahead and do what the Englishman wants", which we did. We thought it ought to have been a little more extensive. The public hearing was held on December 3, 4, 9, 10 and 11 of 1935 and sittings were held in camera on the 4th, 5th, 6th, 9th, 10th and 11th of December, 1935.

Q. Yes, what took place? A. Well, the Canadians wanted to have all cost data tabled in camera for examination of both sides, but this could not be agreed to by the British delegation because of the terms they had received the information on from the manufacturers in Great Britain.

Q. In other words, the British did not disclose their costs? A. That would not be quite correct. They finally were persuaded by ourselves and the Tariff Board to put forward an actual sample which was "BX", called "BX" and we put forward a sample, "CX", and later on -- that is on cloth -- and later on they did provide us with figures, final figures on their samples of cloth, but without the cost detail. I think they gave us -- I am just

Q. Who is Roy? A. He represented the Cotton and Artificial Silk Textile Federation from Great Britain.

Q. What about Rand? A. We visited Canada in April, 1945 to arrange preliminaries and sampling methods.

Q. Yes? A. We sampled some put together what was finally called the overall sampling method and we did not like it very much but the Canadian Board said "Go ahead and do what the Australian earlier which we did. We thought it seemed to have been a little more extensive. The public hearing was held on December 3, 4, 9, 10 and 11 of 1945 and arbitrations were held in camera on the 4th, 5th, 8th, 9th, 10th and 11th of December, 1945.

Q. Yes, what took place? A. Well, the commissions seated to have all cost data relating in camera for examination of both sides, but this could not be agreed to by the British delegation because of the terms they had received the information on from the manufacturers in Great Britain.

Q. In other words, the British did not disclose their costs? A. That would not be quite correct. They finally were persuaded by ourselves and the Tariff Board to put forward an actual sample which was "XX", called "XX" and we put forward a sample, "XX", and later on -- that is on cloth -- and later on they did provide us with figures, final figures on their samples of cloth, but without the [illegible]

talking from memory, I would have to look it up -- raw material and conversion costs, which included merchandising and freight. I think they gave us those two figures and the total, my lord, on their cotton samples.

Q. I see you made an interim report to your people on the 27th of June, 1935; does that deal with what you are now speaking of? A. Yes, it is an interim report, progress report it might be said to be, on June 27th, 1935. It was made to the Presidents of the Cotton Institute and the Silk Association of Canada, and copies were sent to the Tariff Board, and copies of this report were also -- the Tariff Board wired me and asked me whether I had any objection to the Englishmen getting a copy of it and I said "not at all, we are delighted", and copies were sent to England. There is a marked passage I have in here which says that at that date --

"we have no information as to how the British industry propose to establish their costs on the yarns they have listed, unless they propose to do so on the same forms as are used for the yarns in cloths. It is also clear that the Canadian industry could not do any costing on the yarns listed without further particulars such as"-- and we ask for some technical details. Then, under "secrecy" --

"In a memorandum of June 11th, 1935, kindly supplied to us by Mr. K.A. Greene"-- Mr. K.A. Greene was the Canadian representative of the cotton industry.

Q. That is, the Canadian representative of the English cotton industry? A. Of the British cotton

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"In a memorandum of June 11th, 1926, kindly supplied
to us by Mr. K.A. Greene"-- Mr. K.A. Greene was
the Canadian representative of the cotton industry.
Q. That is, the Canadian representative of the
English cotton industry? A. Of the British cotton

industry; they have a resident representative, my lord.

BY THE COMMISSIONER: Q. In Canada? A. Yes, he is a Canadian, sir; his name is --

Q. He is a resident representative in Canada? A. Of the cotton industry.

Q. Where does he live? A. In Ottawa, my lord. On the memorandum of June 11th, 1935, they say --

"'Once the selection (of samples) is settled, we assume that it is a matter for the Tariff Board to satisfy itself that the costs submitted by each side are reliable. We do not wish to inquire into Canadian costs and our own costs will be submitted in confidence to the Tariff Board.'"

I was irked over the secrecy demanded on costs by the woollen trade men and this is the report --

"This secrecy as to costs will never be agreed to by the Canadian industry. There is no valid reason for the suggestion that the costs and the methods by which they are arrived at should be kept secret, and it is a mistaken idea that a full and frank disclosure of all figures for discussion by both sides would serve any other purpose than arriving at the actual facts"--

BY THE COMMISSIONER: Q. That is your statement? A. My statement -- "which we are sure everyone connected "with the hearing are extremely anxious to do. The Tariff Board can meet in camera and the costs be examined by committees appointed by the Canadian and British industries." That is provided for in the act, my lord. "There is no other way of satis-

industry; they have a resident representative, my lord.

By The Commissioner: Q. In Canada? A. Yes, he is a Canadian, sir; his name is --

Q. He is a permanent representative in Canada?

A. Of the cotton industry.

Q. Where does he live? A. In Ottawa, my lord.

"Once the selection (of samples) is settled, we assume that it is a matter for the Tariff Board to satisfy itself that the costs submitted by such sides are reliable. We do not wish to insure Canadian costs and our own costs will be submitted in evidence to the Tariff Board."

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By The Commissioner: Q. That is your statement?

A. My statement -- "Unless we are sure everyone concerned with the hearings are extremely anxious to do.

[illegible]

[illegible] set, my lord. "There is no other way of satis-

"factorily dealing with such an intricate and technical question because we do not know of any person, even within the industry, who would be in a position to evaluate the data and arrive at sound conclusions. This is a problem for the just solution of which the best equipped brains of both industries should be employed.

MR. McRUER: He had better have this document in.

MR. KELLOCK: Do you want that filed?

THE COMMISSIONER: Are you filing that?

MR. KELLOCK: Yes, my lord, my friend would like it in.

THE COMMISSIONER: You are filing it; it shows your attitude on the question.

MR. KELLOCK: Yes.

THE COMMISSIONER: This is a case that has been disposed of?

MR. KELLOCK: Yes, my lord, the attitude as communicated to the Board.

THE COMMISSIONER: 647.

EXHIBIT No. 647: Progress report to presidents of Cotton Institute of Canada and the Silk Association of Canada by Douglas Hallam.

MR. KELLOCK: It is a progress report of the witness to the presidents of the Cotton Institute of Canada and the Silk Association of Canada.

THE COMMISSIONER: To the Silk Association, just the Silk?

MR. KELLOCK: And the Cotton Institute, and the Silk Association, both.

"Recently dealing with such an intricate and technical question because we do not know of any person, even within the industry, who would be in a position to evaluate the data and arrive at sound conclusions. This is a problem for the just solution of which the best equipped brains of both industries should be employed.

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Mr. [illegible]:

THE COMMISSIONER: This is a case that has been disposed of?

Mr. KELLOCK: Yes, my lord, the attitude as communicated to the Board.

THE COMMISSIONER: Exhibit No. 647:

EXHIBIT No. 647: Resolutions passed by presidents of Cotton Institute of Canada and the Silk Association of Canada by Sterling Ewing.

Mr. KELLOCK: It is a resolution of the witness to the presidents of the Cotton Institute of Canada and the Silk Association of Canada.

THE COMMISSIONER: Do the Silk Association, just the Silk?

Mr. [illegible]: [illegible]

Mr. [illegible]: [illegible]

THE COMMISSIONER: Showing the attitude of the Associations as to secrecy as to costs.

MR. KELLOCK: Yes, my lord, particularly at page ten, my lord; the document itself is dated the 27th of June, 1935.

THE COMMISSIONER: What date did you say?

MR. KELLOCK: The 27th of June, 1935, my lord.

THE WITNESS: I may say, my lord, that at the urging of the Tariff Board and ourselves the British manufacturer went as far as he could on discussing costs with us in regard to cloth.

BY THE COMMISSIONER: Q. As far as he was authorized to go by his principal? A. I think in the shorthand records he said he went a little further, as a matter of fact. As a matter of fact, he stretched the point a bit, but there was no exchange of costs on yarns, my lord. I mean, that is yarns as yarns.

Q. They were kept secret? A. They were kept secret, my lord. We suggested that the same thing be done on yarns as was done on cloth and they did not want to do it.

BY MR. KELLOCK: Then, there was a report, was there, Mr. Hallam? A. Yes, the Tariff Board brought down on April 27, 1936 the report which was implemented in the budget of May, 1936. This, in generalx, my lord, took the specific duties off the yarns and cloth, very substantial reduction in tariff.

Q. That was in addition to reductions made in 1932? A. That was in addition to reductions made in 1932. Mr. Kellock -- the 1930 tariff was reduced after the

THE COMMISSIONER: Showing the attitude of the Associations as to secrecy as to costs.

Mr. KELLOCK: Yes, my lord, particularly at page ten, my lord; the document itself is dated the 27th of May, 1926.

THE COMMISSIONER: What date did you say?

Mr. KELLOCK: The 27th of June, 1926, my lord.

THE WITNESS: I may say, my lord, that at the urging of the Tariff Board and ourselves the British Government went as far as he could on discussing costs with us in regard to cloth.

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BY Mr. KELLOCK: Then, there was a report, was there Mr. Kelleck? A. Yes, the Tariff Board brought down on April 27, 1926 the report which was implemented in the budget of 1926. This, in generally, my lord, took the specific duties off the yarns and cloth, very substantial reduction in tariff.

Q. That was in addition to reductions made in 1922? A. That was in addition to reductions made in 1922.

Mr. Kellock -- the 1926 tariff was reduced after the

Ottawa conference and then was again reduced after this Tariff Board hearing in 1936.

Q. Then, there was some slight change in 1934 too, wasn't there? A. Pardon?

Q. There was some slight change in 1934, too? A. There was a change that affected the cotton people in that year. In April, 1934 the excise tax on British goods was reduced from 3% to 1½%, while 3% was left on foreign goods which included raw cotton which came from the United States, bought by the Canadian mills, and in March, 1935, the entire excise tax was removed from British goods and the 3% was left on the raw cotton which the Canadian manufacturers were bringing in from the United States.

Q. What was the effect of that? A. The British goods paid no excise tax when they entered Canada, and there was, therefore, no excise tax on their raw cotton, but the Canadian manufacturers pay 3% excise tax on the raw cotton they import from the United States. In the calendar year 1935 they bought --

Q. Who bought? A. Who bought?

Q. Who bought? A. The Canadian manufacturers, the cotton manufacturers in Canada bought $14,861,484 of raw cotton from the United States on which they paid tax of $445,844 to the Canadian Government on raw material while goods from Great Britain were not subject to the excise tax.

BY THE COMMISSIONER: Q. How much was the tax paid? A. 3%.

Ottawa conference and then was again reduced after the Tariff Board hearing in 1926.

Q. Then, there was some slight change in 1926 and again in 1927? A. Yes, Sir.

Q. There was some slight change in 1934, too? A. There was a change that affected the cotton goods in that year. In April, 1934 the excise tax on cotton goods was reduced from 8% to 4%, while 8% was left on foreign goods which included raw cotton which came from the United States, bought by the Canadian mills, and in March, 1941, the excise tax on raw cotton from British goods and the 8% was left on the raw cotton which the Canadian manufacturers were buying in from the United States.

Q. What was the effect of that? A. The British goods paid no excise tax when they entered Canada, and there was, therefore, no excise tax on their raw cotton, but the Canadian manufacturers had 8% excise tax on the raw cotton they import from the United States. In the calendar year 1938 they bought --

Q. Who bought? A. The bought?

Q. Who bought? A. The Canadian manufacturers the cotton manufacturers in Canada bought 414,881,000 of raw cotton from the United States on which they paid tax of $20,444 to the Canadian Government on raw material while goods from Great Britain were not subject to the excise tax.

BY THE CHAIRMAN: Q. How much was the tax paid? A. 8%.

Q. How much is the amount? A. It comes to about $445,000 for that year.

BY MR. KELLOCK: Q. When you were being examined the other day, Mr. Hallam, in connection with this matter there was a letter shown to you which is exhibit 623, and it is a letter from Mr. Whitehead of the Wabasso Cotton Company to Mr. Berry of the 4th of November, 1936, and at the time you were examined you said you had not seen that. That letter, as you recall, referred to ring spun cotton yarns and mule spun cotton yarns? A. That is correct.

Q. Now, generally speaking, what was the situation as between mule spun yarn costs and ring spun yarn costs in both Canada and Great Britain; which cost more to manufacture? A. Mule spun, generally speaking, costs more than ring spun, and that is true both in Great Britain and in Canada.

Q. And what was the situation as between the cost of production on both mule spun yarns in Canada and ring spun yarn in Canada and mule spun yarns in Great Britain?

THE COMMISSIONER: It is getting down to three dimensional instead of four dimensional.

MR. KELLOCK: Well, it is down to three dimensional, my lord.

(page 8620 follows)

Q. How much is the amount? A. It comes to about $445,000 for that year.

BY MR. MYNDOCK: When you were being examined the other day, Mr. Hallam, in connection with this matter there was a letter shown to you which is exhibit 688, and it is a letter from Mr. Whitehead of the Cabanon Cotton Company to Mr. Berry of the 4th of November, 1[illegible], and at the time you were examined you said you had not seen this. That letter, as you recall, referred to ring spun cotton yarns and mule spun cotton yarns?

A. That is correct.

Q. Now, generally speaking, what was the difference between mule spun yarn coats and ring spun yarn coats in both Canada and Great Britain: which cost more to manufacture? A. Mule spun, generally speaking, costs more than ring spun, and that is true both in Great Britain and in Canada.

Q. And what was the situation as between the cost of production on both mule spun yarns in Canada and ring spun yarn in Canada and mule spun yarns in Great Britain?

THE COMMISSIONER: It is getting down to three dimensional lines and four dimensional.

MR. MYNDOCK: Well, it is down to three dimensions, my lord.

(page 8520 follows)

Q. You just told his Lordship that as between mule-spun yarns and ring-spun yarn in both countries, mule-spun costs the more to produce, that is right? A. That is generally speaking correct. I mean, the Englishman, in some cases, it is not true, but, generally speaking, it is correct.

Q. I will put it this way: taking the two yarns, costs less to produce in Canada - that is, ring-spun yarn - and compare that with the cost of production of mule-spun yarn in England, which was the more costly to produce? A. The ring-spun yarn in Canada, my lord.

Q. Costs more to produce? A. Yes.

Q. So that the Canadian cost of production of both mule-spun yarn and ring-spun yarn was more than the cost of production of mule-spun yarns in England? A. Yes, on comparable counts, yes.

Q. Now, can you give an approximate example that will show that situation as existing at that time? A. Well, it is only a hypothetical example, but it may be reasonably close. We will say that in England mule-spun yarn costs 25 cents and ring spun yarn ---

BY THE COMMISSIONER: Q. 25 cents a pound? A. A pound. Yarn is always talked of in pounds. 25 cents a pound and ring-spun yarn costs 24 cents a pound.

Q. In England? A. Yes, in England.

Q. You just told his Lordship that as between mule-spun yarns and ring-spun yarns in both counties, mule-spun costs the more to produce, that is right?

A. That is generally speaking correct. I mean, the Anglicanus, in some cases, it is not true, but, generally speaking, it is correct.

Q. I will put it this way: taking the two yarns, costs less to produce in Canada - that is, ring-spun yarns - and compare that with the cost of production of mule-spun yarn in England, which can be more costly to produce? A. The ring-spun yarn in Canada, my Lord.

Q. Costs more to produce? A. Yes.

Q. So that the Canadian cost of production of both mule-spun yarn and ring-spun yarn was more than the cost of production of mule-spun yarns in England?

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BY THE CHAIRMAN: Q. 20 cents a pound?

A. A pound. Yarn is always talked of in pounds. 20 cents a pound and ring-spun yarn costs 24 cents a pound.

Q. In England? A. Yes, in England.

I have exaggerated that a little for the purpose of the thing, because I think there is some evidence in the tariff board report about a half-penny difference - the Englishman says that himself.

Q. That is one cent? A. A cent a pound. I thought I put two cents in. In Canada the mule-spun would be about 30 cents and the ring-spun, we will say, 29 cents.

MR. McRUER: Q. So that comparing the cost of production of ring-spun in Canada, 29 cents, it is more than the 25 cents the cost of mule-spun production in England? A. Yes. The 25 cents English mule would be 5 cents below the 30 cent mule in Canada and 4 cents below the ring-spun in Canada. You understand, these are just hypothetical figures, to illustrate the point.

Q. Just approximate figures? A. Yes.

THE COMMISSIONER: Apparently Mr. Whitehead did not know.

MR. KELLOCK: Q. Was that situation familiar to Mr. Whitehead at that time? A. Yes, that has been familiar to all spinners. I mean it was so familiar to me, frankly, I did not really understand the questions that were asked me on this letter.

Q. Mr. Whitehead's letter is Exhibit 623, and what is the article of the United Kingdom Treaty Agreement which this Cotton Inquiry was based on? A. That would be Article 11.

I have exaggerated that a little for the purpose of the thing, because I think there is some evidence in the tariff board report about a half-penny difference - the Australian says that himself.

Q. That is one cent? A. A cent a pound. I thought I put two cents in. In cents the milk equa would be about 30 cents and the egg-equa, we will say, 20 cents.

MR. MACLEAN: Q. So that comparing the cost of production of ring-spun in Canada, 30 cents, it is more than two 30 cents the cost of mule-spun production in England? A. Yes. The 30 cents English mule would be 3 cents below the 30 cent mule in Canada and 4 cents below the ring-spun in Canada. You understand, these are just hypothetical figures, to illustrate the point.

THE CHAIRMAN: [illegible] not know.

R. MALLOCH: Q. Has that attention familiar to Mr. Whitehead at that time? A. Yes, that has been familiar to all [illegible]. I mean it was familiar to me, frankly, I did not really understand the questions that were asked me on this letter.

Q. Mr. Whitehead's letter is Exhibit 666, and that is the article of the United Kingdom Treaty agreement which this Cotton Inquiry was based on? A. That would be Article XI.

Q. And how was the relative cost of production to be established? A. We were to get - as far as cloth was concerned we were to get ~~down~~ out a series of comparable samples of fabric and the suggestion was also made that similar samples of yarns should be prepared with their costs. Then when these two sets had been determined by the two industries they were to be costed and the costs of each sample turned over to the Tariff Board for them to make the comparison.

Q. And was there any difference of opinion as to how that was to be done between you and the British? A. Well, both sides agreed to base their case on a relatively small set of samples, each of which was to be a counterpart of the samples to be submitted by the other side. The only difference of opinion was as to how closely the samples should resemble each other.

Q. What was the British view on that point? A. They thought that it would be sufficient if the pairs of samples were commercially comparable, as they expressed it.

Q. That was their ---- A. Yes, commercially comparable is what they calledit.

Q. And what is the view of the Canadian? A. For the purpose of determining relative costs of production the pairs of samples should be technically identical as possible.

Q. That, I suppose, translated - the Canadian

Q. And how was the relative cost of production to be established? A. We were to get - as far as cloth was concerned we were to get some out of series of comparable samples of fabric and the suggestion was also made that similar samples of yarns should be prepared with their costs. Then when these two sets had been determined by the two industries they were to be sorted and the costs of each sample turned over to the Tariff Board for them to make the comparison.

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Q. That was their --- A. Yes, commercially comparable is what they called it.

Q. And what is the view of the Canadian? A. For the purpose of determining relative costs of production the pairs of samples should be commercially identical or practical.

Q. That, I suppose, translated - the Canadian

view was to compare mule spun with mule spun and ring spun with ring spun? A. Yes, and fabrics of the same production, same dyeing, same printing and so forth.

Q. What view did the Tariff Board express? A. Well, the view of the Tariff Board was that the samples which had been selected were sufficiently alike to allow of comparison of their costs to be made to determine the relative levels of costs in the two countries.

Q. How were the samples that were used actually selected? A. Well, that was really a matter of preliminary negotiations between the two industries with the Tariff Board sort of sitting in as an umpire on it. The industries representatives met together and discussed the matter.

Q. And were the samples representative of the Canadian market so as to allow the cost to be really comparable? A. Well, it was the responsibility of both sides to see that the samples were sufficiently representative, that was the onus put on by the Tariff Board on both sides. We were to make additions and the Englishman was to make additions, etc., so that sample would be representative.

Q. And as you started off with these samples were they, in your opinion, sufficiently representative? A. No, we added to the cloths and the Englishman added to thecloths, etc.

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Q. What view did the Tariff Board express?

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Q. Now were the samples that were used actually selected? A. Well, that was really a matter of preliminary negotiations between the two industries with the Tariff Board sort of sitting in as an umpire on it. The industries representatives met together and discussed the matter.

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Q. Was it you started off with these samples

were used, as your opinion, sufficiently representat

A. No, we added to the sheets and the English

added to the[illegible], etc.

Q. What about yarn? A. Well, this comes to Mr. Whitehead's letter I think now. The British industry had submitted their views as to a list of counts of yarn which they considered should be costed by both industries. They were the people who put forward their list. It was our view that this list-that is, the Association's view, that this list did not sufficiently cover the Canadian market and we therefore proposed to a committee, which is working on the case, Mr. Whitehead included, that a group of rayon yarns, that is, rayon spun yarns, should be added to the list. This proposal was made to the Cotton Committee in Canada in a letter dated October 31st of that year.

Q. Now, that apparently is the letter that Mr. Whitehead refers to in his letter Exhibit 623.

THE COMMISSIONER: Can we have that letter?

MR. KELLOCK: Yes, I have it here. Might it be perhaps a part of the same exhibit?

THE COMMISSIONER: Exhibit 623 is Mr. Whitehead's letter to the Cotton Institute and you are increasing that exhibit with the Cotton Institute's letter to Mr. Whitehead.

MR. KELLOCK: Q. Is this the copy of the letter, Mr. Hallam? A. Yes, that is a letter sent from our Montreal office, it is our Montreal file copy.

Q. And enclosed draft letter to the Chairman of the Tariff Board? A. That is the draft letter that was sent out.

Q. Just about yours? A. Well, this comes to Mr. Whitehead's letter I think now. The British industry had submitted their views as to a line of counts of yarn which they considered should be needed by both industries. They were the people who put forward their list. It was our view that this list - that is, the association's view, that this list did not sufficiently cover the Canadian market and we submitted to a committee, which is working on the case, that is, raycon spun yarns, should be added to the list. That proposal was made to the Cotton Committee in advance in a letter dated October 21st of that year.

Q. Now, that a personally is the letter that Mr. Whitehead refers to in his letter dated Oct.

THE CHAIRMAN: Can we have that letter?

MR. KELLOCK: Yes, I have it here. Might it be perhaps a part of the same exhibit?

THE CHAIRMAN: Exhibit 32E is Mr. Whitehead's letter to the Cotton Institute and you are interpreting that exhibit with the Cotton Institute's letter to Mr. Whitehead.

MR. KELLOCK: Q. Is this the copy of the letter, Mr. Halfam? A. Yes, that is a letter sent from our Montreal office, it is our Montreal file copy.

Q. And enclosed duplicate letter to the Chairman of the Tariff Board? A. That is the exact letter that was sent out.

MR. KELLOCK: This letter, my lord, is addressed to a list of people including Mr. Whitehead and this particular copy is sent to the witness and it says:

"Will you please examine the attacheddraft of a letter which could be sent to the Tariff Board regarding the British proposals on cotton yarns, and let us have, by return, your comments as to the advisability of presenting this point to the Board.

The fact that 15 out of the 17 yarns proposed by the British are mule yarns makes it possible that the British industry expect us to match their mule yarn costs with Canadian ring yarn costs, as being the 'commercially comparable' article in Canada. This, of course, would be much to our disadvantage..."

Now, pausing there and referring to the hypothetical illustration you gave to his lordship, what would be the disadvantage there? A. Well, we had produced mule spun yarns in Canada, which, I think the evidence shows, - which can be read later - looks after the Canadian market for that type of yarn and the question was of comparing mule spun yarn in England with a ring spun yarn in Canada.

Q. Well, referring to the illustration which you gave ---

THE COMMISSIONER: Might not the situation be put this way succinctly : that the large proportion of the

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The fact that 15 out of the 17 yarns produced by the British are mule yarns makes it possible that the British industry expect us to match the mule yarn costs with Canadian ring yarn costs, and being the 'commercially comparable' article in Canada. This, of course, would be much to our disadvantage."

Now, passing there and referring to the hypothetical illustration you gave to his lordship, what would be the disadvantage there? A. Well, we had produced mule spun yarns in Canada, which, I think the evidence shows, - which can be read later - looks after the Canadian market for that type of yarn and the question was of comparing mule spun yarn in England with a ring spun yarn in Canada.

Q. Well, referring to the illustration which you gave ---

THE COMMISSIONER: Might not the situation be put this way succinctly : that the large proportion of

spun yarn in Canada is ring spun and in England it is the other way around, larger proportion is mule spun? A. That is right.

MR. McRUER: There are only a few mills in Canada--

5 A. I think we have the totals here of the amount.

Q. I think there are four and in England only a a few ring spinners? A. No, there are, the vidence shows, there are 11,000,000.

MR. KELLOCK: Also this, my lord, that if you

10 compare English mule costs of 25 cents with the Canadian mule costs of 30 cents the spread is only 5 cents, but if the Englishmen's views prevailed that the Englishmen's mule cost of 25 cents is to be compared with

15 commercially comparable article, that is 29 cents Canadian ring costs, the difference is only 4 cents and that is a disadvantage.

THE COMMISSIONER: That is disadvantage that

20 Mr. Hallam saw.

MR. KELLOCK: Yes, my lord.

MR. KELLOCK: "This, of course, would be much to our disadvantage, so that we propose, first of all, to match their list yarn for yarn, that is

25 prepare 15 mule yarn costs and 2 ring yarn costs.

The point then arises, whether with a set of costs prepared mainly for mule yarns on both sides a satisfactory for tariff review will be found, and whether our position will be weakened

30 by having submitted 88 per cent. of our costs

spun yarn in Canada is ring spun and in England it is the other way around, larger proportion is mule spun?

A. That is right.

MR. MONDER: There are only a few mills in Canada--

A. I think we have the totals here of the amount.

Q. I think there are four and in England only a few ring spinners? A. No, there are, and evidence shows, there are 11,000,000.

MR. KELLOCK: Also this, my lord, that if you compare English mule costs of 25 cents with the Canadian mule costs of 30 cents the spread is only 5 cents, but if the Englishman's views prevailed that the Englishman mule cost of 25 cents is to be compared with commercially comparable articles, that is 29 cents Canadian ring costs, the difference is only 4 cents and that is a disadvantage.

THE COMMISSIONER: That is disadvantage that Mr. Mellon says.

Q. Exactly. Yes, we have.

MR. KELLOCK: While, of course, would be made to our disadvantage, so that we propose, first of all, to match their list yarn for yarn, that is [illegible]

The point then arises, whether with a set of costs prepared mainly for mule yarns on both sides a satisfactory for tariff review will be found, and whether our position will be weakened by having submitted 88 per cent. of our costs

on yarns produced on only 4 per cent. of our spindles. It is possible....."

"on only 4 per cent. of our spindles"-- because the mule production in Canada was only 4 per cent. and ring was 88 per cent.

THE COMMISSIONER: That is in line with what Mr. McRuer says.

MR. McRUER: I said there were 4 mules in the Montmorency mill.

MR. KELLOCK: "It is possible that we can avoid this danger by committing the British Industry, through the Tariff Board, to submitting costs on additional ring yarns, which would in effect establish the principle of comparing mule yarn with mule yarn, and ring yarn with ring yarn. The danger is, of course, that, having offered additional ring yarn costs on our part, the British industry might carry its 'commercial comparability' viewpoint with the Board and not be forced to submit corresponding ring costs.

The list of additional ring yarns which has been suggested is:"

And there is a number set out.

"Will you be good enough eto let us have your views by return?"

And draft letter to the Chairman of the Tariff Board is dated the same date and it says:

"Mr. H.G. Hughes has now confirmed the addition of 50's, 70's and 80's white combed mule hosiery

on yarns produced on only 4 per cent. of our

[illegible]. It is possible....

"on only 4 per cent. of our spindles"-- because the mule production in Canada was only 4 per cent. and ring was 96 per cent.

5

THE COURT [illegible]: That is in line with what Mr. [illegible] says.

MR. MORDEN: I said there were 4 mules in the Montmorency mill.

10

MR. EMMERSON: "It is possible that we can avoid this danger by establishing the British Commerce, through the Tariff Board, to submitting costs on additional ring yarns, which would in effect neutralize the principle of competing mule yarn with mule yarn, and ring yarn with ring yarn. The danger is, of course, that, having offered additional ring yarn costs on our part, the British industry might carry its "commercial comprehensivity" viewpoint with the board and not be forced to submit corresponding ring costs.

15

20

The list of additional ring yarns which has been suggested is:"

And there is a number set out.

25

"Will you be good enough etc let us have your views on [illegible]."

And draft letter to the Chairman of the Tariff board is dated the same date and it says:

30

"Mr. H.G. Hughes has now confirmed the availability of [illegible] and [illegible] yarns of [illegible]

cops to the list he proposed on August 23rd so that the British proposals now stand as follows:"

And the letter sets out a number of particulars under "Tariff Item 522," and it included four mules, one ring, and then under "Tariff item 522a," it is all mules?

A. Is it all mules? Oh, that is his proposal.

Q. Yes. The letter goes on:

"It is thus proposed that 15 out of the 17 or 88% ....."

A. That was the Englishmen's proposal.

Q. Yes.

"It is thus proposed that 15 out of the 17, or 88% of the yarns to be examined, should be mule-spun yarns, which is perhaps unusual in view of what is known to be the comparative market demand for ring spun and mule spun yarns in both Great Britain and Canada. In Great Britain, figures furnished for the 1924 Census of Production show that 34% of all cotton yarn produced was ring spun, and data published by the Federation of Master Cotton Spinners' Association give the following comparison of ring and mule warp yarn production:"

THE COMMISSIONER: That is where - in Great Britain?

MR. KELLOCK: Yes.

	Mule %	Ring %
1929	43.5	56.5
1930	40.2	59.8
1931	34.0	66.0
1932	34.2	65.8
1933	32.3	67.7

copy to the list be proposed on August 28rd so that

the British proposals now stand as follows:"

And the letter sets out a number of particulars under "Tariff Item 828," and it included four mules, one ring, then under "Tariff Item 828a," it is all mules?

A. Is it all mules? Oh, that is his proposal.

Q. Yes. The letter goes on:

"It is thus proposed that 15 out of the 17

[illegible]

A. That was the Englishman's proposal.

Q. Yes.

"It is thus proposed that 15 out of the 17, or 88% of the yarns to be examined, should be mule-spun yarns, which is perhaps unusual in view of what is known to be the comparative market demand for ring spun and mule spun yarns in both Great Britain and Canada. In Great Britain, figures furnished for the 1924 Census of Production show that 84% of all cotton yarns produced was ring spun and was published by the Federation of Master Spinners' association give the following comparison of ring and mule warp yarn production:"

THE COMMISSIONER: That is warp - in [illegible]

Q. Continue.

Year	Mule %	Ring %
1911	10.5	89.5
1920	19.2	80.8
1921	[illegible]	[illegible]
1924	24.7	[illegible]
1925	[illegible]	77.7

While no comparable production figures are available for Canada, the cotton spindles installed in 1933 are stated by the Census of Industry to have been:

Mule 49,495 - 4%

Ring 1,165,139 - 96%

The Canadian industry is perfectly willing to proceed with the compilation of costs, and to furnish counter-samples for each mule spun yarn in the British list but, in view of the conditions outlined above, it is our view that a more satisfactory examination would be possible if a number of ring spun yarns were added. If this meets with the approval of the Tariff Board we are prepared to submit a cupplementary list of ring spun yarns for which samples and costs might then be prepared in Great Britain and in Canada."

THE COMMISSIONER: Now, the question was whether that letter should be sent to the Tariff Board or not.

MR. KELLOCK: Yes, and I am going on further.

Q. Now, what replies did you get to your letter?

A. A number of the committee, excepting Mr. Whitehead, agreed that the Tariff Board should be informed of these facts, in spite of the fact that Canadian ring costs might be compared to British mule costs on the principle of commercial compatibility, which we opposed. We knew that such a comparison would be specially

While no comparable production figures are available for Canada, the cotton spindles installed in 1913 are stated by the Canada Industry to be [illegible]

[illegible] 37,[illegible]

Also 1,144,124 = 37%

The Canadian industry is perfectly willing to proceed with the compilation of costs, and to furnish counter-samples for each main spun yarn in the British list but, in view of the conditions outlined above, it is our view that a more satisfactory examination would be possible if a number of ring spun yarns were added. If this meets with the approval of the Tariff Board we are prepared to submit a supplementary list of ring spun yarns for which samples and costs might then be prepared in Great Britain and in Canada."

THE COMMISSIONER: Now, the question was whether that letter should be sent to the Tariff Board or not.

MR. KILGOUR: Yes, and I am going on further.

Q. Now, what replies did you get to your letter?

A. A number of the committee, excepting Mr. Whitehead, agreed that the Tariff Board should be informed of these facts, in spite of the fact that Canadian ring spun yarns [illegible] in [illegible] with [illegible] principle of commercial competitility, which we oppose. We knew that such a comparison would be especially

disadvantageous to us on this yarn if made by the Tariff Board, but we passed this information on in a letter to the Chairman dated---

BY THE COMMISSIONER: Q. Was this proposed draft letter officially sent to the Tariff Board? A. I amended it, sir, before it went. We added additional information, sir.

Q. You did not strike anything out? A. No, I made it stronger, I think, than the original.

MR. KELLOCK: There are two of the replies from other members of the industry, and where they want that done.

MR. McNUER: Let me see them.

MR. KELLOCK: The first is a letter--perhaps might be part of the same Exhibit, to Mr. Berry dated 1st November, 1935, from Gilbert E. VanKlarcom of the Ralph E. Loper Co.

MR. McNUER: That is Cost Accountant.

MR. KELLOCK: That letter reads:

" I have your letter of the 31st with various "enclosures.

" These I have discussed at great length "with Mr. Loper, President of our Corporation. "It seems to us that we should risk the chance "of the British industry being able to carry "'commercial comparability' with the Tariff "Board. Our thought is that it would be "very unfair to judge the entire sale yarn "market by comparing costs of mule spun yarns "only, especially when but 4% of the spindles

disadvantageous to us on this yarn if made by the Tariff Board, but we passed this information on in a letter to the Chairman date---

BY THE CHAIRMAN: Q. Was this proof of draft letter officially sent to the Tariff Board? A. I remember it, sir, before it went. We added additional information, sir.

Q. You did not strike any thing out? A. No, I made it stronger, I think, than the original.

MR. KELLOCK: There are two of the results from other members of the industry, and where they went that done.

MR. MONTS: Let me see them.

MR. KELLOCK: The first is a letter--perhaps might be part of the same exhibit, to Mr. Berry dated 1st November, 1925, from Gilbert K. VanHarlingen of the Ralph E. Loper Co.

MR. McGUIRE: That is Coat Accountant.

MR. KELLOCK: That letter reads:

" I have your letter of the 31st with various "questions.

" These I have discussed at great length "with Mr. Loper, President of our Corporation. "It seems to us that we should risk the chance "of the British industry being able to carry "'commercial comparability' with the Tariff "Board. Our thought is that it would be "very unfair to judge the entire solo yarn "market by comparing costs of mill-spun yarns

"in Canada are jule spindles. Also the "fact that only ~~2%~~ 32% of the yarn produced "in England in 1933 was mule spun yarn.

" In view of the above, we believe that "comparisons should be made both on ring spun "and mule spun yarns in order that a fair "decision may be reached.

And a letter from Canadian Cottons, Limited, to Mr. Berry of the same date, November 1st, 1935, which reads:

" I am in receipt of your letter of the "31st ultimo with reference to the types of "yarns suggested for comparison by the English "interests before the Tariff Board, and with "copy of a suggested letter from the Cotton "Institute to Mr. Sedgwick regarding same. I "think that the letter is very much in order, "and as it is written in criticism of what is "undoubtedly a deliberate attempt on the part "of the English interests to obscure the "actual situation, I should not object to its "being even more strongly worded. In the last "paragraph of the letter in which you say that "in our view a more satisfactory examination would "be possible if the number of ring spun yarns "were added, I would suggest having it made "clear that only by the addition of a number "of ring spun yarns can a fair and satisfactory "examination be made. Certainly with the "large proportion of ring spindles in operation

"in Canada are Italians. Also the
"fact that only 8% of the yarn produced
"in England in 1948 was male-spun yarn.

" In view of the above, we believe that
"consideration should be made both on ring spun
"and male spun yarns in order that a fair
"decision may be reached.

And a letter from Canadian Cotton, Limited, to Mr.
Perry of the same date, November 8, 1950, which
reads:

" I am in receipt of your letter of the
"21st ultimo with reference to the types of
"yarns suggested for consideration by the British
"interests before the Tariff Board, and with
"copy of a suggested letter from the Cotton
"Institute to Mr. Cadwalader regarding same. I
"think that the letter is very much in order,
"and as it is written in criticism of what is
"undoubtedly a deliberate attempt on the part
"of the English interests to obscure the
"facts [illegible] I would [illegible] in its
"being even more strongly worded. In the last
"paragraph of the letter in which you say that
"in our view a more satisfactory examination would
"be possible if the number of ring spun yarns
"were added, I would suggest having it made
"clear that only by the addition of a number
"of ring spun yarns can a fair and satisfactory
"examination be made. Certainly with the
"[illegible]

"in the United Kingdom today it cannot be "claimed by them that they are not ina position "to offer such yarns to the Canadian trade. " With regard to the types of ring spun "yarns that you are suggesting should be added "to the list, perhaps a similar criticism "might be offered from the English interests "to the fact that in hosiery yarns alone you "are proposing to submit seven different counts of combed yarns, while there are only three "of carded yarns. The proportion of combed "hosiery yarns sold by the Canada mills is "comparatively small as compared with the "amount of carded hosiery sold, but the greater #number may be necessary in order to take in "the wider rangs of counts covered by the "combed yarns."

And that is signed by R. G. Tolmie. So that I am now showing you---

THE COMMISSIONER: You add all this to Exhibit No. 623 and we will have the whole subject together.

MR. KELLOCK: I am now showing you---

MR. McRUER: You have not got the replies from Mr. Gordon and Mr. Young and Mr. MacPhee.

MR. KELLOCK: Have you got those?

MR. BERRY: Mr. Gordon's reply was verbal. Mr. Young I believe did.

MR. KELLOCK: We will see if we have them.

Q. Now, I am showing you what purports to be a copy of a letter dated 7th November, 1935, from you to the

"in the United Kingdom today it cannot be
"claimed by them that they are not in position
"to offer much more to the Canadian trade.
" With regard to the types of bond sum
"yours that you are suggesting should be added
"to the list, perhaps a similar criticism
"might be offered from the British interests
"on the fact that in Boulary yarns alone you
"are proposing to permit seven different counts
"of combed yarns, while there are only three
"of carded yarns. The proportion of combed
"Boulary yarns sold by the Canada mills is
"comparatively small as compared with the
"amount of carded Boulary sold, but the greater
"number may be necessary in order to tone in
"the wider range of counts covered by the
"combed yarns."

That is signed by R. G. Tolmie. So that I am
not quoting just---

MR. CAMERON: Quite all that is right.

MR. GEO and we will have the whole subject together.

MR. KENNOCK: I am now showing you---

MR. MONCK: You have not got the replies
from Mr. Gordon and Mr. Young and Mr. Moughee.

MR. KENNOCK: Have you got those?

MR. [illegible]: Mr. [illegible] [illegible].

MR. Young I believe did.

MR. KENNOCK: We will see if we have them.
Now, [illegible]
[illegible] Ltd. [illegible] in the

Chairman of the Tariff Board. Is that the letter which was sent? A. That is our Montreal file copy.

Q. That is the final letter, is it? A. Yes, with the exception of the last line. The last line was not on the one sent. The last line was written in or either rubbed out. The reason I know that it is not on my file copy. That letter was written while I was in Montreal and I signed it.

MR. KELLOCK: And I think the difference as between this letter and the draft letter commence on page 2 in the middle of the page, the paragraph:

" The Canadian industry is perfectly willing "to proceed with the compilation of costs, "and to furnish counter-samples for each mule "spun yarn in the British list but, in view "of the conditions outlined above, it is our "view that a more satisfactory examination "would be possible if a number of ring spun "yarns were added. Unless this is done, it "now looks as though when we come before you we "may be forced to impeach the validity of the "British yarn sample, because "a) the basis of "labour payments in Great Britain is different "in mule spun and ring spun yarns; (b) it is "attempting to compare a method of production "which has to a large extent been replaced by "the more efficient method in Canada. The "addition of these suggested ring spun samples

Chairman of the Tariff Board. Is that the letter which was sent? A. That is our Montreal file copy.

Q. What is the final letter, is it? A. Yes, with the exception of the last line. The last line was not on the one sent. The last line was written in or either rubbed out. The reason I know that it is not on my file copy. That letter was written while I was in Montreal and I signed it.

MR. MACLEOD: And I think the difference as between this letter and the draft letter commence on page 2 in the middle of the page, the paragraph:

" The Canadian industry is practically willing "to proceed with the compilation of costs, "and to furnish counter-evidence for each male "spun yarn in the British list but, in view "of the conditions outlined above, it is our "view that a more satisfactory examination "would be possible if a number of ring spun "yarns were added. Unless this is done, it "now looks as though when we come before you we "may be forced to impeach the validity of the "British yarn sample, because "a) the basis of "labour payments in Great Britain is different "in mule spun and ring spun yarns; (b) it is "attempting to compare a method of production "which has to a large extent been replaced by "the more efficient method in Canada. The

"to the case need cause no delay in the "Hearing, as the request can be cabled over "to England and the costs arrive before the "British delegates have to leave Canada.

" The ring yarns which we suggest should be "added to the examination are as follows: and you set out the same list as in the draft letter.

THE COMMISSIONER: Did I understand a moment ago that the percentage of ring spun in England is 34?

MR. KELLOCK: It started out in one year at 34 but it goes up.

MR. McRUER: This says: "Great Britain, figures furnished for the 1924 Census of Production." That was eleven years before would show 34 per cent. of all cotton yarn produced was ring spun. Now, I would like to know where those figures are because they are very different to figures given to me in Manchester.

MR. KELLOCK: Yes, that is 1924, my lord, but the letter goes on to give another source of information.

MR. McRUER: That is different yarn, that is warp ring.

MR. KELLOCK: No, but it is comparison of ring and mule warp yarns production.

MR. McRUER: Why take the year 1924?

THE COMMISSIONER: Perhaps those figures were elicited by the Board.

"to the case need cause no delay in the "hearing, as the request can be cabled over "to England and the costs arrive before the "British delegates have to leave Canada.

" The ring terms which we suggest should be "added to the examination are as follows:

and you get out the same list as in the last letter.

THE COMMISSIONER: Did I understand a moment ago that the percentage of ring spun in England is 64?

MR. KMILOCK: It started out in one year at 24 but it goes up.

MR. MONK: This says: "Great Britain, Figures furnished for the 1924 Census of Production." That was eleven years before would show 44 per cent of all cotton yarn produced was ring spun. Now, I would like to know where those figures are because they are very different to figures given to me in Manchester.

MR. KMILOCK: Yes, that is 1924, my lord, but the letter goes on to give another source of information.

MR. MONK: That is different year, that is very fine.

MR. KMILOCK: No, but it is comparison of ring and mule warp yarns production.

MR. MONK: We take the year 1924?

THE COMMISSIONER: Giving from figures mentioned by one board.

THE WITNESS: Oh, I think the statement was made by the Englishman that they had 11,000,000 ring spindles in England.

Q. What percentage? A. I don't remember that. I would have to go back on the evidence. I read fourteen books last night on it.

MR. KELLOCK: Q. Now, you wrote that letter to the Chairman and what happened? A. That was sent down to the Chairman in spite of the fact of Mr. Whitehead's disapproval.

Q. That is, Mr. Whitehead's point was not carried by the industry? A. No, was not carried.

Q. And were you allowed to put in those extra samples of---

A. Well, the Chairman of the Board was rather annoyed at the late date we put the suggestion.

THE COMMISSIONER: Q. That you put it? A. Yes. He wanted to know why we had not put it in before and the reason for that was - Mr. Berry, who is the cotton man of the group, had been ill for a month. He had pneumonia.

MR. KELLOCK: Q. As I understand it, the cotton part of the business is Mr. Berry's particular interest. A. Yes, I was a wool man to start with. He has been the cotton end of the thing and he was doing it and knows more about the technical details than I do.

7 Q. And I understand there was some delay caused by Mr. Berry's illness? A. Yes, he was ill

Q. Yes, I think you explained, you made by the englishmen that they had ill, or, during a strike in England.

Q. What percentage? A. I don't remember that. I would have to go back on the evidence. I read fourteen books last night on it.

Q. Yes. Now you have had letters to the Chairman and Mr. Bennett? A. That was sent down to the Chairman in spite of the fact of Mr. Whitehead's statement.

Q. That is, Mr. Whitehead's point was not carried by the industry? A. No, was not carried.

Q. And were you allowed to put in those extra samples?---

A. Well, the Chairman of the board was rather annoyed at the late date we put the suggestion.

Mr. Commissioner: Q. Was you not ill? A. He wanted to know why we had not put it in before and the reason for that was - Mr. Berry, who is a co-worker of the group, had been ill for a month. He had pneumonia.

Q. Yes. A. Mr. Berry's illness, the making part of the business is Mr. Berry's particular inter-

A. Yes, I was a wool man to start with. He has been the cotton end of the thing and he was doing it and knows more about the technical details than I do.

7 Q. And I made stand there was some delay caused by Mr. Berry's illness? A. Yes, he was ill

for some weeks, had pneumonia.

Q. In anyevent, did you get them in? A. Yes, the Tariff Board said since that was the situation we were to prepare our costs in Canadian ring spun yarn and that complete surveys of the production of mule yarns in Canada was to be made. That was to supplement the data of total yarn production which was then being prepared.

Q. I have here, which might be part of the same exhibit, copy of a letter from Mr. Berry to Miss D.R.McEvoy, who is the Research Assistant of the Tariff Board at Ottawa. The letter is dated January 15th, 1936, and there are three sheets attached with information on. Was that the letter that was sent? A. Well, that is our file copy of letter. I cannot say it was actually sent but I am certain it was.

Q. That reads:

"Mule Yarns

"We now have all the information on mule-spun yarns in Canada and are attaching two confidential reports as follows:

1. A statement of the number of mule spindles in place in the Canadian mills during 1933, 1934, and 1935, with an analysis of the ratio of their activity over the same period. These spindles were employed wholly on cotton yarns with the exception of small amounts of mixed cotton and wool in 1934 and 1935 (1934 - 47,666 lbs; 1935-

for some weeks, had pneumonia.

Q. In anyevent, did you get them in? A. Yes, the Tariff Board said since that was the situation we were to prepare our costs in Canadian ring spun yarns and that complete surveys of the production of male yarns in Canada was to be made. That was to supplement the costs of total yarn production which was then being prepared.

Q. I have here, which might be part of the same exhibit, copy of a letter from Mr. Berry to D.R.Molvoy, who is the research assistant of the Tariff Board at Ottawa. The letter is dated January 16th, 1936, and there are three sheets attached with information on. Was that the letter that was sent?

A. Well, that is our file copy of letter. I cannot say it was actually sent but I am certain it was.

Q. It reads:

"Dear Sir:

"We have all the information on male-spun yarns in Canada and are attaching two confidential reports as follows:

1. A statement of the number of male spindles in place in the Canadian mills during 1933, 1934, and 1935, with an analysis of the ratio of their activity over the same period. These spindles were employed wholly on cotton yarns with the exception of small amounts of mixed cotton and

60,916 lbs.). The possible spindle hours are not full twenty-four hour operating time, but are based on the normal running time of the mill in which the spindles are installed.

It will be noted that there has been a steady decline in the number of mule spindles in place, and the number of spindle hours operated, and this has been due to decline in the use of medium and fine count mule-spun yarn by both weavers and knitters. In weaving, replacement of Lancashire looms by automatic looms has necessitated a change from mule weft to ring weft, with a consequent scrapping of mule spindles; and in knitting, there has been an increasing tendency to use ring yarns rather than mule yarns, especially in the fine counts."

"This change has closely paralleled a similar change in Lancashire where the percentage of ring spindles has been steadily rising. Figures of production are only available for warp yarns....."

That answers your question, Mr. McRuer.

".....and in 1929-1933 production in Great Britain was as follows:

	Mule Twist		Ring Twist	
	000 lbs.	%	000 lbs.	%
1929	69,324	43.5	90,157	56.5
1930	63,282	40.2	94,061	59.8
1931	46,984	34.0	91,006	66.0
1932	51,125	34.2	98,478	65.8

10,216 lbs.). The possible spindle hours are not full twenty-four hour operating time, but based on the normal running time of the mill in [illegible] [illegible].

It will be noted that there has been a steady decline in the number of male spindles in place, and the number of spindle hours operated, and this has been due to decline in the use of medium and fine count mule-spun yarns by both weavers and knitters. In weaving, replacement of mule-spun yarns by automatic looms has necessitated a change from mule weft to ring weft, with a concomitant swelling of mule spindles; and in knitting, there has been an increasing tendency to use ring yarns rather than mule yarns, especially in the fine counts."

"This change has closely paralleled a similar change in Lancashire where the percentage of ring spindles has been steadily rising. Figures of production are only available for [illegible] [illegible]...."

[illegible] [illegible], Mr. [illegible]:

"[illegible] in Lancashire production is [illegible] Britain was as follows:

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

1933	51,167	32.3	107,037	67.7

It will also be noted that in these three years it would have been possible to double the activity of Canadian mule spindles with no increase in equipment or running time, if such an increase had been justified by demand.

2. A statement of the production of mule-spun yarn in Canada for knitting and for weaving. The reduction in pounds of production is not so marked as the reduction in spindle hours because the curtailment of activity has occurred in the fine counts where the production per spindle per hour is very much less than in the coarse counts. In fact, the production of coarse wefts on the waste system has been almost constant.

An analysis of the production of each company is appended to the production statement."

And the information on three sheets is attached. Then may I have the shorthand notes of the hearing before the Board. I want to refer now to the official report of the Tariff Board proceedings, reference No. 83, subject, "Cotton hearing, Ottawa," date 9th, 10th, and 11th, 1935. It is volume 2 at page 626.

THE COMMISSIONER: That forms part of the same subject we are talking about?

MR. KELLOCK: Yes. I am just going to read about a page and a half. Reading at the foot of the

1935	81,187	82.3	107,027	87.7

It will also be noted that in those three years it would have been possible to double the activity of Canadian mills applies with no increase in equipment or running time, if such an increase had been justified by demand.

2. A statement of the production of mule-spun yarn in Canada for knitting and for sewing. The reduction in power of production is not so marked as the reduction in spindle hours because the curtailment of activity has occurred in the fine counts where the production per spindle per hour is very much less than in the coarse counts. In fact, the production of coarse varns on the mule system has been almost constant.

An analysis of the production of each company is appended to the production statement."

And the information on these sheets is attached.

Then may I have the shorthand notes of the hearing before the Board. I want to refer now to the original report of the tariff Board recommendation, reference No. 82, subject, "Cotton hosiery, Ottawa," date 9th, 10th, and 11th, 1932. It is volume 2 at page 680.

THE COMMISSIONER: That forms part of the same subject we are talking about?

MR. MILLOCK: Yes. I am just going to read about a page and a half. Reading at the foot of the

page:

"THE CHAIRMAN: Are we ready now to go on with yarns?

MR. HUGHES:"

That is the English Mr. Hughes? A. Yes.

"MR. HUGHES: I think the position there is this, Originally the idea was that it would be sufficient to exchange descriptions, but I believe that later the Canadian Manufacturers felt that they would like to see actual samples and we sent over samples of yarn. I do not think we have yet seen the Canadian yarn samples, but you have had ours for some time.

MR. GORDON:"

Is that Mr. G.B. Gordon? A. Yes.

"MR. GORDON: I have not seen any, but I am informed that they were sent over to me.

MR. HUGHES: We could file costs with the Board at the same time as the samples were submitted. I do not think we have anything more to add to that information. It is not difficult to compare them in cloths, allowing for the fact that the larger proportion of the Canadian samples will be ring spun and ours probably mule spun.

MR. GORDON: Yours were matched type for type, and where yours were mule spun we put up mule spun against it."

A. That was as far as yarns were concerned.

"MR. CHAIRMAN: Are we ready now to go on with

[illegible]

[illegible]

What is the figure Mr. Hughes? A. Ten.

MR. HUGHES: I think the position there is this, Originally the idea was that it would be sufficient to exchange correspondence, but I believe that later the Canadian Manufacturers felt that they would like to see actual samples and we took over samples of yarn. I do not think we have yet seen the Canadian yarn samples, but you have had them for a time.

[illegible]

Is this Mr. A.E. Gordon? A. Yes.

MR. GORDON: I have not seen any, but I am informed that they were sent over to me.

MR. HUGHES: We could file cards with the board on the same line as the samples were submitted. I do not think we have anything more to add to that information. It is not difficult to compare them in cloths, allowing for the fact that the larger proportion of the Canadian samples will be ring spun and ours predominantly mule spun.

MR. GORDON: Yarns were matched type for type, and where yarns were mule spun we put up mule spun against it."

A. That is as far as yarns were concerned.

"MR. HUGHES: That rather raises the question I asked, whether there are enough mule spinners in Canada to satisfy the commercial demand for that particular type.

MR. WHITEHEAD: We have actually operating what we regard as an excessive number of spindles to supply the commercial demand.

THE CHAIRMAN: To supply the Canadian total demand for mule spun yarn?

MR. WHITEHEAD: Yes.

THE CHAIRMAN: You have more spindles than are necessary to do the trick?

MR. WHITEHEAD: We have more than are actually needed. Those knitters and other manufacturers in Canada who are willing to pay an advance for mule spun yarns are very much in the minority.

THE CHAIRMAN: That is, you would have to charge them more for mule spun yarn than for ring spun yarn?

MR. WHITEHEAD: Yes.

MR. HEBERT: What is the situation in Great Britain? Does mule spun sell at the same price as the ring spun yarn?

MR. LACEY:"

A. Mr. Lacey was one of the cotton British delegates.

"MR. LACEY: It is impossible to lay down a g neral rule. It depends largely on the counts you are dealing with. Up to about 50's and 60's ring yarns are cheaper, but above that point the ring

"MR. MOONEY: That rather raises the question I asked, whether there are enough mule spinners in Canada to satisfy the commercial demand for that particular type.

MR. WILLIAMS: We have actually operating what I regard as an excessive number of spindles to supply the commercial demand.

THE CHAIRMAN: To supply the Canadian total demand for mule spun yarn?

MR. WILLIAMS: Yes.

THE CHAIRMAN: You have more spindles than are necessary to do the trick?

MR. WILLIAMS: We have more than are actually needed. There hosiery and other manufacturers in Canada who are willing to pay an advance for mule spun yarns are very much in the minority.

THE CHAIRMAN: That is, you would have to charge them more for mule spun yarn than for ring spun yarn?

MR. WILLIAMS: Yes.

MR. [illegible]: What is the situation in Great Britain? Does mule spun sell at the same price as the ring spun yarn?

MR. [illegible]:

Q. Mr. Lacey was one of the cotton British delegates.

"MR. LACEY: It is impossible to lay down a general rule. It depends largely on the counts

spindle begins to lose some of its advantage because production falls, so that above 50's or 60's the question is decided on quality rather than price. The price of the two articles would be probably very similar.

MR. GORDON: On June 4, 1934, the quotations given in the Textile Weekly show that 20's mule twist sold in Manchester at 8 5/8 pence per pound and 20's ring t twist at 9 1/8. That is not quite in line with what Mr. Lacey says.

MR. LACEY: It does not follow that it is for the same quality of yarn.

MR. GORDON: Not necessarily, but the real answer is that ring yarn does fetch a little premium over mule spun, speaking of warp yarns."

THE WITNESS: That is correct. I think there is another reference to it too.

MR. McRUER: Ring warp yarn is a little higher than mule spun, is that the idea?

MR. KELLOCK: "The real answer is that ring yarn does fetch a little premium over mule spun, speaking of warp yarns."

MR. McRUER: Q. So that the total we have got here is for the one that costs more, because the total is for the warp yarn.

MR. KELLOCK: Mr. Gordon is answering Mr. Lacey, who said that the ring is less than the mule up to

single begins to lose some of its advantage because production falls, so that there 80's or 90's the question is decided on quality rather than price. The price of the two articles would be probably very similar.

MR. GORDON: On June 4, 1934, the quotations given in the Textile Weekly show that 80's made twist sold in Manchester at 8 9/32 pence per pound and 80's twist at 9 1/8. That is not quite in line with what Mr. Lucey says.

MR. LUCEY: It does not follow that if it is for the same quality of yarn.

MR. GORDON: Not necessarily, but the real answer is that from 2000 to 2500 a little greater than single yarn, speaking of warp yarns.

THE CHAIRMAN: That is correct. I think there is another reference to it too.

MR. GORDON: Ring warp yarn is a little higher than single yarn, is that the idea?

MR. HALLAM: The real answer is that ring yarn [illegible] of warp yarns."

MR. GORDON: So that the total we have got here is for the one that costs more, because the total is for the warp yarn.

MR. [illegible] Mr. Gordon is answering Mr. Lucey, [illegible] ring is less than the single up to

a point and then it changes.

MR. McRUER: The total you put in of the percentage of mule and ring spun yarn in England was dealing with warp yarns. So that this argument would not come into effect on that case.

MR. KELLOCK: Beyond a point.

MR. McRuer: He is dealing with warp yarn.

MR. KELLOCK: Then, my lord, at page 630:

"THE CHAIRMAN: Is there any substantial importation of mule spun yarns from the United Kingdom for knitting in Canada?

MR. GORDON: There are substantial importations under the item, and if Mr. Lacey is correct in saying that all hosiery yarn is mule spun, then it must be mule spun yarn. We have the figures.

MR. LACEY: In the fiscal year 1934-35, 359,000 pounds weight of single yarns for use in the hosiery industry were imported from the United Kingdom. That would be all mule spun.

MR. GORDON: From what source is that figure taken?

MR. LACEY: From the Canadian Trade returns.

MR. GORDON: We have 381,000. It does not vary greatly."

THE WITNESS: That was due to the fiscal and calendar year being taken.

"THE CHAIRMAN: Do you sell yarn to knitters?

MR. GORDON: Yes.

a point and then it changes.

MR. MONDER: The total you put in of the percentage of wools and rung spun yarn in England was dealing with warp yarns. So that this argument would not come into effect on that case.

MR. [illegible]: [illegible].

MR. MONDER: He is dealing with warp yarn.

MR. HALDOCK: Then, my lord, at page 680:

"THE CHAIRMAN: - Is there any substantial importation of mule spun yarns from the United Kingdom for knitting in Canada?

MR. [illegible]: There are substantial importations under the item, and if Mr. Lacey is correct in saying that all hosiery yarn is mule spun, then it must be mule spun yarn. We have the figures.

MR. LACEY: In the fiscal year 1934-35, 594,000 pounds weight of single yarns for use in the hosiery industry were imported from the United Kingdom. That would be all mule spun.

MR. MONDER: From what source is that figure taken?

MR. LACEY: From the Canadian Trade returns.

MR. CONDON: We have 381,000. It does not vary greatly."

THE WITNESS: That was due to the fiscal and calendar year being [illegible].

[illegible]: Do you sell yarn to knitters?

MR. [illegible]: Yes.

"THE CHAIRMAN: You sell ring spun yarn to them?

MR. GORDON: We sell a certain amount of mule spuns. The mules are used chiefly for th purpose of producing certain effects in the blending of different colours - our heather mixtures and fancier types of hosiery yarn. The great bulk of the hosiery yarn is ring spun, soft twist.

THE CHAIRMAN: Are we to compare the Canadian ring with the United Kingdom mule?

MR. GORDON: I do not think it would be a fair comparison, because where mule spun yarn is asked for in the trade here, we are prepared to supply it. Mr. Whitehead claims that he has ample capacity for that purpose, if it is the Canadian market that is under consideration. That is a matter for you to decide. As regards the situation in England, I do not know whether they spin hosiery on rings. They have 20,000,000 rings."

THE WITNESS: Yes, that is correct.

THE COMMISSIONER: I think you had better put that whole volume in.

THE WITNESS: I think that is already in the possession of the Board.

MR. McRUER: That volume is not in.

MR. KELLOCK: All right, it is in now.

-- Proceedings before Tariff Board December 9, 10, 11, 1935, put in as part of Exhibit 623.

MR. GORDON: to sell a certain amount of sale space.

The sales are used chiefly for the purpose of producing certain effects in the blending of different materials - cut lengths, mixtures and fancier types of hosiery yarn. The special soft of the hosiery yarn is ring spun, soft twist.

THE CHAIRMAN: Are we to compare the Canadian ring with the United Kingdom mills?

MR. GORDON: I do not think it would be a fair comparison, because their soft spun yarn is asked for in the trade here, we are prepared to supply it. Mr. Whitehead claims that he has ample capacity for that purpose. If it is the Canadian market that is under consideration. That is a matter for you to decide. As regards the situation in England, I do not know whether they spin hosiery on rings. They have 80,000,000 rings."

THE WITNESS: Yes, that is correct.

THE COMMISSIONER: I think you had better put the whole evidence in.

MR. GORDON: I think that is already in the proceedings of the Board.

MR. [illegible]: That evidence is not in.

MR. [illegible]: All right, if it is in now.

- Thereupon the witness further gave evidence, as follows:

[illegible] of British [illegible].

MR. KELLOCK: Q. So, Mr. Hallam, that whole subject matter that Mr. Whitehead was discussing in his letter was in verbally and in writing?

A. Yes, it was in verbally and in writing.

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-- The Commission adjourned at 12.30 P.M. to resume at 2.00 P.M.

(Page 8650 follows)

(Page 3530 follows)

AFTERNOON SESSION

-- The Commission resumed at 2.15 P.M.

DOUGLAS HALLAM Re-examination by Mr. KELLOCK (resumed):

BY MR. KELLOCK: Q. Mr. Hallam, I want to draw your attention to a mis-statement of yours that appears on page 8574 of the Evidence? A. Yes, I have seen that.

Q. At lines 19 and 20, page 8574, in answer to a question of mine, where I was reading to you from a letter on the subject of Japanese surtax, the letter stating:

"(3) For these reasons is it not possible that the Government would reply to representations from the silk industry about as follows: 'What do you want, gentlemen? By refusing the Japanese demands...."

And then my question was:

"That is, demands to get rid of the currency dumping legislation?"

and your answer:

"Yes, that is right, currency dumping legislation on raw silk."

A. Oh, the words "On raw silk" should not be there. I probably got a little confused. It is currency dumping legislation. There was no currency dumping legislation on raw silk provided it came in from the United States, where the bulk came from.

-- The Commission resumed at 3.15 P.M.

MR. ROBLIN (resumed):

[illegible]

[illegible] VIA, I have [illegible]

[illegible]

[illegible] at lines 19 and 20, page 8894, in answer to a question of mine, where I was reading to you from a letter on the subject of Japanese matter, the letter [illegible]

'(3) For those reasons is it not possible that the Government would reply to representations from the silk industry about as follows: 'What do you [illegible] demands....'

and then my question was:

"That is, demands to get rid of the currency dumping legislation?"

and your answer:

"Yes, that is right, currency dumping legislation on raw silk."

[illegible]. Or, the words "on raw silk" should not be there. I probably got a little confused. It is currency dumping legislation. There was no currency dumping legislation on raw silk provided it came in from the

Q. Currency dumping legislation applies on all Japanese imports? A. Yes, on all Japanese imports. The words "on raw silk" should not be there, my lord.

BY THE COMMISSIONER: Q. You say it disappeared when the raw silk came in from the United States? A. That was incorrect reply. It was the currency dumping duty. There was no such thing as surtax at all at that time. I mean, there was no currency legislation on raw silk.

MR. McRUER: That is the reason it came by the United States.

THE WITNESS: That is one of the reasons, Mr. McRuer.

BY THE COMMISSIONER: Q. You say no currency dumping legislation on raw silk? A. No; the three per cent. excise was calculated on the proclaimed value of the yen if it came direct from Japan, and it was not American currency when it comes via the United States.

BY MR. McRUER: Q. And that is the reason they brought it in via the United States? A. That was one of the reasons.

BY MR. KELLOCK: Q. Now, Mr. Hallam, going back to your associations, I want to ask you if there was anything peculiar in the fact that the Textile Associations has a trade association, or is that a practice followed by other trades? A. Oh yes. There are all sorts of trade associations in Canada.

Q. Currency dumping legislation applies on all Japanese imports? A. Yes, on all Japanese imports. The words "on raw silk" should not be there, my Lord.

BY THE COURT REPORTER: Q. You say it disappeared the raw silk came in from the United States?

A. That was incorrect reply. It was the currency dumping duty. There was no such thing as currency at all at that time. I mean, there was no currency legislation on raw silk.

MR. MORLOCK: That is the reason it came by the United States.

THE WITNESS: That is one of the reasons, Mr.

BY THE COURT REPORTER: Q. You say no currency legislation on raw silk? A. No; the three per cent. excise was calculated on the proclaimed value of the yen if it came direct from Japan, and it was not American currency when it comes via the United States.

BY MR. MORLOCK: Q. And yet I had gathered that it brought it in via the United States? A. That was one of the reasons.

BY MR. KMILOCK: Q. Now, Mr. Hallam, going back to your associations, I want to ask you if there was anything peculiar in the fact that the textile [illegible] is that a practice followed by other traders?

A. [illegible] trade associations [illegible]

Q. And you have already told his lordship about the existence of textile trade associations in Great Britain. What do you say about the United States?

A. They have them in the United States.

THE COMMISSIONER: I never heard anybody object to them. I think the point was only raised because of the objection to the workers organizing.

MR. KELLOCK: Well, it was directed particularly at my client, my lord.

MR. McRUER: Because they told us they refused to recognize the labour organizations.

MR. KELLOCK: Who did?

MR. McRUER: These employers.

MR. KELLOCK: These employers - not in my hearing.

MR. McRUER: They had been asked that question a great many times and invariably the answer has been the same, that they will not deal with labour organizations.

MR. KELLOCK: But the evidence here in this city, so far as the Barrymore Company is concerned, is just to the contrary. They have a labour organization that is functioning to-day.

MR. McRUER: I know, but we have got the evidence of the Dominion Textile Company, and the Wabasso Cotton Company, and all along the line --

MR. KELLOCK: Well, whatever the evidence shows, it is in.

MR. McRUER: That is the reason I brought it out.

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MR. HALLOCK: Well, whatever the evidence shows, it is in.

MR. MORDEN: That is the reason I brought it out.

BY MR. KELLOCK: Then, Mr. Hallam, you have told us now of certain phases of the activity of your association. Is there anything else that you do? A. Oh, we operate quick credit information.

Q. Quick Credit information? A. In certain sections.

Q. Yes? A. That is to say, it comes and goes. If the credit conditions in any section become bad I am asked to operate a quick credit exchange of information to supplement Bradstreets, Duns' and other organizations.

Q. Yes? A. Because we can do it quick in any one group. When the reason for it is over then those things are not carried on. I think I am only carrying on one at the present moment, maybe two.

Q. Then to what extent is your organization a statistical organization? A. We are continually working on statistics; the statistics of the textile trade are very difficult to correlate, and we have worked on same a number of years trying to get figures which are comparable, and which are accurate and which will be of use.

Q. Yes? A. We send out monthly advance figures of imports. This goes out to the different groups, and we give summaries of those occasionally, and that is always a steady job of our Association.

Q. Mr. MALONEY: Now, Mr. Bailey, you have told us now of certain phases of the activity of your association. Is there anything else that you do?

A. Oh, we operate quick credit information.

Q. Quick credit information? A. In certain sections.

Q. Yes? A. That is to say, it comes and goes. If the credit conditions in any region become bad I am asked to operate a quick credit exchange of information to supplement Bradstreet's, Dun's and other organizations.

Q. Yes? A. Because we can do it quick in any one group. When the reason for it is over then those things are not carried on. I think I am only carrying on one at the present moment, maybe two.

Q. Then to make sense is your organization a statistical organization? A. We are continually working on statistics; the statistics of the textile trade are very difficult to correlate, and we have worked on some a number of years trying to get [illegible] and which will be of use.

Q. Yes? A. We send out monthly advance figures of import. This goes out to the different groups, and we also [illegible] and that is always a steady job of our associations.

Q. What about production? A. We get an annual report from the cloth mills on production, and we get out a monthly report for the full-fashioned hosiery group, and the broad silk group, and from time to time we do exchange production figures, and I am trying to persuade all the mills to do that.

Q. From time to time, do you follow employment figures in the industry? A. Oh usually government figures. We do make checks upon those.

Q. And this has been particularly referred to at least: What about the examination of costs from time to time? A. That is usually done in connection with Tariff Board hearings, but there had been a good many suggestions made too from time to time that we make surveys of costs, and I have done so. Some years ago, I made a survey in the men's heavy underwear; we made it through an accountant and reported back to the mills on what we found ; the first report, - or rather we found all sorts of extraordinary things. We sent the accountant out and got these ironed out and the reports were submitted to the group for their information.

Q. I see? A. They were very illuminating. Some mills found they were costing too much and they talked to me as to why it was,and the other mills told them what their experience was, and they were able to rectify it.

Q. That about production? A. We get an annual report from the knit mills on production, and we did use a monthly report for the knit-hosiery group, and the broad silk group, and from time to time we do exchange production figures, and I am trying to persuade all the mills to do that.

Q. From time to time, do you follow employment figures in the industry? A. Oh usually government figures.

Q. And this has been particularly reported on at least; but about the examination of costs from time to time? A. That is usually done in connection with Tariff Board hearings, but there had been a good many suggestions made too from time to time that we make surveys of costs, and I have done some years ago, I made a survey in the knit-goods undertaking; we made it through an accountant and reported back to the mills on what we found; the first report, - or rather we found all sorts of extraordinary things, we sent the accountant out and got these items out and the reports were submitted to the group for their information.

Q. They were very illuminating. A. They were very illuminating, some mills found some duplicate bookkeeping and many things talked to me as to why it was, and the clerks told them that their experience was, and they were able to rectify it.

Q. My friend started to ask you about what you had to do with sales tax, rather belittling the idea that you could have very much to do with it as that is something of general application. In fact, does that subject involve much work? A. That has been one of the big jobs of the Association.

Q. How does that come about, Mr. Hallam? A. Well, there are two things, - changes in the sales tax, and, secondly, there are changes in the administration.

Q. You mean, as to its application? A. Yes, as to its application, every time there is a change made. For instance, a change in the law, they may change the wording and that changes its application, and we had to find out what it means. I think the last change was that consumable materials and supplies was taken off the taxable list while factory expense material was left on. Previously, both had been subject to sales tax when bought by the mills. We had made a survey, which took me over a period of a month or more, for the Department, of what was included in consumable supplies for the mills. It is a very technical matter.

Q. Reference has been made from time to time in the evidence, so far as customs tariff is concerned of "Class or kind made in Canada." Do you make it your business to follow the rulings in respect to that matter? A. I follow the rulings in respect to that matter, and the Customs Department consult me on the

Q. My friend started to ask you about what you had to do with sales tax. [illegible] that you could have very much to do with it as that is something of course [illegible]. In fact, does that subject involve much work? A. That has been one of the big jobs of the association.

Q. How does that come about, Mr. Holton? A. Well, there are two things, - changes in the sales tax, and, secondly, there are changes in the administration.

Q. You mean, as to its application? A. Yes, as to its application, every time there is a change made, for instance, a change in the law, they may change the wording and that changes its application, and we had to find out what it means. I think the last change was that consumable materials and supplies was taken off the taxable list while factory expense material was left on. Previously, both had been subject to sales tax when bought by the mills. We had made a survey, which took us over a period of a month or more, for the Department, of what was included in consumable supplies for the mills. It is a very technical matter.

Q. [illegible] from time to time in the evidence, so far as customs tariff is concerned of "class - [illegible] in change." Do you make it [illegible] in Yellow [illegible] - [illegible] Dominion [illegible]? A. I follow the rulings in respect to [illegible] [illegible] on the

matter. They send me samples. These samples are sent out to the mills that are likely to make it, or w hich are making it, and I get information of what they are producing and I pass that on to the Department for their information, so that they can complete their investigation.

Q. And when the ruling is made do you pass that on? A. I pass that on when the ruling is made.

Q. And has your Association anything to do with research? A. In the Wool and Knitting Industry I did operate a research department for some years. We engaged a chemist and put in a research department. Then that work was turned over to the Ontario Research Department when the Ontario Research foundation was founded.

Q. That is a provincial government department? A. Yes, it is operated by the Provincial Government. In addition to that, owing to my back history in the woollen trade, I was extremely anxious to help develop Canadian wool, and for two years I agitated for some research work into the production of wool in the north West. Eventually the National Research Foundation undertook it under Dr. Tory, and I was on the Committee. I am still on the Committee. They have done extremely able work. I have not been to any of the recent meetings, but I was in on the early meetings when the organization work was being done.

Q. In addition to keeping abreast of the tariff

matter. They need no comment. Some samples are only
one in one bottle that are linear in shape, or a few
are holding it, and I got information at least that
are producing and I gave that to the Government for
their information, so that they can complete their
investigations.

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research work into the production of wool in the
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committee. I had visit the Government. That have
been extremely rude work. I have not been in
the present meeting, but I was in on the early
stages when the arrangements were being made.

Q. In addition to research in the interest of the textile

and tariff rulings in Canada, do you follow tariff laws in other countries? A. Yes, in certain cases we have to follow them. It is very difficult to keep completely up to date, but wherever we are interested we do follow these changes. I am sorry my files are not more complete, but it takes a long time to get them up to date, and I can easily obtain the information very quickly from the Department at Ottawa when I need it. As I say, however, I am very sorry my files are not quite as complete as they should be.

Q. There has been reference in the evidence to brands,and marking and clearing brands. What do you have to do with regard to that matter?

A. I do not follow you, Mr. Kellock.

. Clearing brands?

THE COMMISSIONER: What do you mean by that?

MR. KELLOCK: In connection with discontinued lines.

THE WITNESS: Oh, I took a record of those. I have to keep a record of those.

BY MR. McRUER: Q. A record of what? A. I thought Mr. Kellock --

MR. KELLOCK: Of discontinued lines.

THE WITNESS: I do keep a record of those discontinued lines. I stated that in evidence the other day.

MR. McRUER: You keep copies of the permits ?

BY THE COMMISSIONER: Q. Do you mean to say, where a company is able to sell a discontinued line

you keep a record? A. Yes, my lord.

Q. You keep a record of the permits? A. Yes, I keep a record of the permits.

Q. Oh well, we had that the other day. A. Yes, we had that the other day, my lord.

BY MR. KELLOCK: Q. What about brands, the names? A. Oh, I am sorry. We try to keep our people straight on brand names so there won't be litigation. That is to say, we make surveys occasionally of brand names for different groups so that they won't infringe on each other. Very often we get the same brand name.

Q. I see? A. And just to prevent that we keep exchanging information on that.

Q. There was some reference particularly in connection with the full fashioned hosiery, insofar as the evidence has gone, to fair trade practices; what generally has your association got to do with that? A. Well, we always considered that the mills selling F.O.B. mill instead of selling direct delivery was a fair trade practice.

Q. That is one illustration, but are you concerned--

BY THE COMMISSIONER: Q. Pardon me, instead of that it would be an unfair practice? A. We considered it an unfair practice instead of selling F.O.B. mill to sell delivery.

BY MR. KELLOCK: Q. In that connection my friend referred to exhibit 581 which was a circular letter which you had sent out dated the 6th of March, 1934. May I have that exhibit, please, 581? A. Was that in connection with the terms, Mr. Kellock? I remember that.

Q. Yes; I wanted to ask you if you would explain to his lordship whether the people to whom that circular was sent out were people who, in every case, got all the price lists that your Association sent out? A. There were quite a number on that list. I looked at it the other day.

THE COMMISSIONER: Let me understand the relevancy of your question, the meaning of it.

MR. KELLOCK: My lord --

THE COMMISSIONER: It is a letter of what date?

MR. KELLOCK: The 6th of March, 1934; it is a letter, a circular letter sent out to the list of mills, the list attached to the letter.

Q. There was some reference particularly in connection with the full fashioned hosiery, incoter as the evidence has gone, to fair trade practices; w generally has your association got to do with them?

A. Well, we always considered that the milk selling F.O.B. mill instead of selling direct delivery was a fair trade practice.

Q. That is one illustration, but are you concerned there it would be an unfair practice? A. We considered it an unfair practice instead of selling f.o.b. mill (emphasis).

BY MR. MILLOCK: Q. In that connection my friend referred to exhibit 581 which was a circular letter which you had sent out dated the 6th of March, 1934. May I have that exhibit, please, 581? A. Yes in connection with the terms, Mr. Milloch I thank

Q. Yes; I wanted to ask you if you would explain to his lordship whether the people to whom that circular was sent were people who, in every case, got all the price lists that your association had sent out? A. There were quite a number on that list. I looked at it the other

THE COMMISSIONER: Let us understand the relevancy of your question, the meaning of it.

MR. MILLOCK: My lord --

THE COMMISSIONER: It is a letter of what date?

MR. MILLOCK: The 6th of March, 1934; it is a circular letter sent out to the list of mills, the

THE COMMISSIONER: Cloth mills?

MR. KELLOCK: Yes. It reads:

"We are advised that pressure is being brought to bear on mills to sell cloth other than F.O.B. Mill - for example to sell F.O.B. Montreal or F.O.B. Toronto. If this practice were started, it would be a very serious thing for the mills and we would be obliged if you would advise us by return (a) What your present practice is. (b) That you will agree not to sell otherwise than F.O.B. mill."

I was asking you, Mr. Hallam -- have you got that before you? A. Yes.

Q. If you would look at the list of mills to which that was sent and tell His Lordship as to whether or not the mills on that list got any information from your Association as to prices in any way? A. Some of them did and there are a number here that didn't. I mean from memory -- for example, the Canada Hair Cloth Company was not getting information.

BY THE COMMISSIONER: Q. What date was that letter? A. That letter was dated March 6, 1934.

Q. One of those periodical agreements was then in force which you had among certain people? A. Well, this is a question of some prices I sent out on cloth, my lord.

Q. Something separate? A. Something separate on cloth. It has nothing to do with full fashioned hosiery.

MR. McRUER: The periodical agreements applied to hosiery.

THE [illegible]: Shall Mr.[illegible]

MR. [illegible]: Yes. Mr. [illegible]:

We are advised that a pressure is being brought to bear on the milk [illegible] K.O.B. milk -

for example to sell K.O.B. Montreal or K.O.B. Toronto.

If this practice were started, it would be a very serious thing for the milk and we would be obliged if you would advise us by return (a) what your [illegible] milk [illegible] K.O.B. milk."

I was asking you, Mr. McLiam -- have you got that letter?

A. Yes.

Q. If you would look at the list of milk to which [illegible] was not getting his commission.

Q. [illegible]: What date was the letter?

A. That letter was dated March 6, 1934.

Q. Due of whose particular grievance was that?

A. [illegible] my land.

Q. Something separate? A. Something separate [illegible]

Q. It has nothing to do with full [illegible]

[illegible]

Q. [illegible]

A. [illegible]

BY THE COMMISSIONER: Q. Something separate you sent out? What right had you to send out prices separately? A. I thought that was connected up -- one of the prices was filed as an exhibit, cloth prices, a list was filed as an exhibit.

Q. Where did you get the prices from? A. I got them as a result of meetings with some of the mills, sir!

Q. Alright.

BY MR. KELLOCK: Q. Can you indicate to his lordship how many of those were not in receipt of any information as to prices of any kind? A. I can just give you examples. I know the Canada Hair Cloth didn't because their production is not of a class or kind that would come into the picture whatever.. La France Plushes, Limited, of Wooodstock wouldn't get it. They wouldn't be the slightest degree interested in the thing. Paris Wincey Mills Limited, Rosamond Woollen Company, the Western Canada Weaving Mills; those are examples. I would have to check back. The Acme Glove Works would make cloth, wouldn't it --

MR. MCRUER: They were on the other list that got the circular as to the prices effective at a certain date.

MR. KELLOCK: That is yarn, machine yarn.

Q. I would just like to ask you this, from your experience whether or not you would say the terms of sale in any industry tend to become standardized or fixed? A. I should think that is the universal experience.

Q. And is that well known in the industry as to what

BY THE COMMISSIONER: Q. Something separate you see out? What right has you to send out prices separately?

A. I usually that was connected with — one of the prices was taken as an exhibit, Mr. Chairman, I have refilled as an exhibit.

Q. Where did you get the prices from? A. I got them as a result of meetings with some of the mills.

A. Right.

BY MR. LEMIEUX: Q. Can you indicate to his Lordship how many of those were not in receipt of any information as to prices of the kind? A. I can just give you example. I know the Canada Hair Cloth didn't see their [illegible] in as a class of kind that would come into the picture whatever. La Banque Ouvrière Limited, or Woodstock Knitting put it. They wouldn't be the slightest degree interested in the thing. Perhaps Wiser Mills [illegible], Dominion Woollen Company, the Canada Sewing Mills; these are examples. I could have to check back. The Acme Glove Works would make cloth, wouldn't it —

M. [illegible]: They were on the other list that was the circular as to the prices effective at a certain [illegible] date.

Q. I would just like to ask you this, from your experience whether or not you would say the terms of sale in any industry tend to become standardized or fixed?

A. I should think that is the usual experience.

Q. And is that well known in the industry as to

the usual terms of sale in the industry are?

A. They are published, they are usually published on the order forms and I think on most invoices.

Q. And if a mill departs from that custom, from what they have set down in their order form, does that or does that not result in discrimination as between customers? A. I would say that in regard to terms where they give dating, and that is an established custom in the trade -- dating, my lord, is that the date changes, for instance, in the woollen trade at the 25th of the month -- if a mill departs from that it will be on special occasions and will be discriminating in favour of certain customers as against other customers.

BY THE COMMISSIONER: Q. You mean dating for what? A. Dating for payments, my lord.

BY MR. KELLOCK: Q. What about F.O.B. mill or F.O.B. Toronto or Montreal; is the same true? A. I think the same is true of that. That is a condition I have always regarded --

THE COMMISSIONER: I don't think you told us why it is true though.

MR. KELLOCK: Perhaps this answers it, my lord. Can you refer his lordship to any authority on that point? A. I have here a book, the Principles of Economics, by Carver and Hansen, published in Boston, New York, Chicago, and London.

Q. Who are the authors? A. Frederick B. Graver, Professor of Economics, University of Minnesota and Alvin Harvey Hansen, Professor of Economics, Universit

the usual terms of sale in the industry are?

A. They are [illegible], they are usually [illegible] or [illegible] net [illegible] months.

Q. And if a mill departs from that custom, from what they have set down in their order form, does the or does that not result in discrimination as between customers?

A. I would say that in regard to terms where they give discounts, and that is a established custom in the trade -- dating, my lord, i that the date changes, for instance, if the woollen trade at the 25th of the month -- if a mill departs f that it will be on special occasions and will be discriminating in favour of certain customers as opposi other customers.

BY THE COMMISSIONER: Q. You mean dating for when A. Dating for payments, my lord.

BY MR. [illegible]: Q. What about F.O.B. mill or F. Toronto or Montreal; is the same true? A. I th the same is true of that. That is a condition I hav always regarded --

[illegible]

MR. [illegible]: Perhaps this answers it, my lord. Can you refer his lordship to any authority on that A. I have here a book, the principles of Economics, Carver and Hanson, published in Boston, New York, Chi and London.

Q. Who are the authors? A. Thomarich S. [illegible], professor of economics, University of [illegible] Professor of Economics, [illegible]

of Minnesota.

Q. What page are you referring to?

A. I am referring to page 281, and the heading is "Price Policies".

SECRETARY WHITELEY: The first name should have been Garver.

THE WITNESS: Garver; the subject is headed "Price Policies".

THE COMMISSIONER: What page? A. Page 281, my lord. It says:

"The trade practices of the various industries with respect to price policy throw light on the way competition works in the modern organized economy. In many industries the usual practice is to sell f.o.b. at the mill, the purchaser paying the cost of transportation from the mill. This practice comes nearest to satisfying the requirements of a truly competitive market. Under this system the buyers are fully enabled to exercise alternative choices and to purchase at the lowest-price plants, cost of transportation considered. This policy, universally pursued, would result in the most economical geographical distribution of industries and hence in the most efficient utilization of the nation's resources."

BY MR. KELLOCK: Q. Now, Mr. Hallam, I want to come to another subject my friend examined you about and that is the minutes, the form of the minutes that you kept over the years. As I understood my friend's question he was suggesting that there was something you

[illegible]

Q. What page are you referring to?

A. I am referring to page 281, and the heading is "Price policies".

SECRETARY MILITARY: The first case should have been marked.

THE WITNESS: Carter; the subject is headed "Price policies".

[illegible]

my lord. It says:

"The Anti-Combines [illegible] with respect to price policy turns light on the way competition works in the modern organized economy. In many industries the usual practice is to sell f.o.b. at the mill, the purchaser paying the cost of transportation from the mill. This practice comes nearest to satisfying the requirements of a truly competitive market. Under this system the buyers are fully enabled to exercise alternative choices and to purchase at the lowest price plus, cost of transportation, [illegible]. This policy, universally pursued, would result in most economical geographical distribution of industries and hence in the most efficient utilization of the nation's resources."

BY MR. KELLOCK: Q. Now, Mr. Miller, I want to go to another subject my friend examined you about and that is the minutes, the form of the minutes that is kept over the years. As I understood Mr. [illegible]

really did not want to put down in the minutes; what do you say to his lordship about that? A. That is not the case; that is not the fact.

Q. Was there anything you wanted to refrain from recording in any way? A. No, that is not the fact with the minutes.

Q. I think you explained to his lordship that you wrote out all your minutes, and all your letters in longhand? A. I write all my letters and all my minutes and my reports in longhand, my lord. When I get very busy I get very tired of writing minutes.

Q. Were you saving yourself a little bit, to some extent? A. A little bit, Mr. Kellock.

Q. Mr. Hallam, the last agreement -- and I am using the word that has been used here -- that is in evidence was the one of the 21st of September, 1935. You told his lordship as to the people who would sign it; I think there were four or five? A. There were eleven.

Q. Alright, and --

BY THE COMMISSIONER: Q. Eleven out of twentytwo? A. Yes.

BY MR. KELLOCK: Q. In November, 1935 it was apparent that it was not going to be signed by the bulk of the mills and it dropped? A. That is correct.

Q. Now, would you tell his lordship as to whether or not after that time you ever tried, or your members ever tried, to revive that practice which you had followed? A. Yes, there have been -- there were two subsequent meetings of the full fashioned hosiery

really did not want to put down in the minutes; what do you say to his Lordship about that? A. That is the case; that is not the fact.

Q. Was there anything you wanted to refrain from recording in any way? A. No, that is not the fact with the minutes.

Q. I think you explained to his Lordship that you wrote out all your minutes, and all your letters in longhand? A. I write all my letters and all my diaries and my notes in longhand, my lord. When I get very busy I get very tired of writing minutes.

Q. Were you serving yourself a little bit, to some extent? A. A little bit, Mr. Kellock.

Q. Mr. Mallam, the last sentence -- and I am using the word that has been used here -- that is in evidence was the one of the 21st of September, 1956. You told his Lordship as to the people who would see it; I think there were four or five? A. There were eleven.

Q. Eleven out of twenty?

A. Yes.

BY MR. KELLOCK: Q. In November, 1956 it was apparent that it was not going to be signed by the [illegible] of the mills and it dropped? A. That is correct.

Q. Now, would you tell his Lordship as to what [illegible] talk of? A. Yes, there have been -- there

group.

BY MR. McRUER: Q. When? A. Following that date; it is in the minutes, you have had them. They are right there; I cannot remember the dates offhand.

THE COMMISSIONER: You are talking now of these hosiery agreements?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: You say 1935?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: Didn't I have before me a draft in 1936?

MR. KELLOCK: I don't think so, my lord. The last one was the 21st of September, 1935, my lord.

THE COMMISSIONER: 1935?

MR. KELLOCK: Yes, my lord. That fell to the ground.

THE COMMISSIONER: What is the number of that exhibit?

THE WITNESS: The meeting was on November 15th, my lord, 1935. I said the previous memorandum was non-operative.

MR. KELLOCK: I think, my lord, the exhibit is 563.

THE COMMISSIONER: That is quite right; the latest in date is September 21, 1935.

MR. KELLOCK: Exhibit 563.

THE COMMISSIONER: I thought there was something in May, 1936, but I am wrong.

MR. KELLOCK: The witness said that never went into effect.

THE COMMISSIONER: Only 11 signed it out of 22 while on previous occasions there had been 17, 19 and as many as 20.

BY MR. KELLOCK: Yes? A. On May 5th, 1936, I called together a meeting of the full fashioned hosiery at the Royal York Hotel, Toronto, at which I was appointed Chairman, for the purpose of discussing the changes in the sales tax. The sales tax had been increased from 6 to 8 percent and consumable materials purchased by the mills had been made exempt from sales tax. We called this meeting together to discuss that change in sales tax and what it meant to the mills. On July 29th another meeting was called in Montreal at which I was not present. Mr. Berry was there. That was in reference to a change in the method of applying the sales tax on hosiery. The method of calculating the sales tax on hosiery was up and a memorandum was being issued by the department covering all clothing, applying to all clothing. We pointed out to the department that they had made no investigation into the knit goods industry before announcing this change, and the department said that was quite correct and they would hold it over and hold an investigation before a change was made.

Q. I am asking you--

A. Yes, and then on August 28th, 1936 there was a meeting held in Montreal. I reported on what had happened on sales tax and at the same time the possibilities of renewing or entering into agreements with me again, or memoranda with me again were discussed, and I got a questionnaire

Q. Mr. Kubrick?

A. Yes, sir.

I called together a meeting of the full Tobacco Industry at the Royal York Hotel, Toronto, at which I was appointed Chairman, for the purpose of discussing the changes in the sales tax. The sales tax had been increased from 5 to 6 percent and consumable materials purchased by the mills had been made exempt from sales tax. We called this meeting together to discuss that change in sales tax and what it meant to the mills. On July 28th another meeting was called in Montreal at which I was not present. Mr. Berry was there. That was in reference to a change in the method of applying the sales tax on industry. The method of calculating the sales tax on industry was up and a memorandum was being issued by the department covering all clothing, applying to all clothing. We pointed out to the department that they had made no investigation into the knit goods industry before announcing this change, and the department said that was quite correct and they would hold it over and hold an investigation before a change was made.

Q. I am asking you--

A. Yes, and then on August 28th, there was a meeting held in Montreal. I reported on what had happened on sales tax and at the same time the possibilities of renewing or entering into agreements with the mills, or memoranda with the

out to the mills asking whether they would appoint a committee to discuss certain matters in regard to machinery, and so on. That meeting was held for the purpose of - one of the purposes was to see if we could re-introduce the hosiery memorandums with myself.

Q. Did you get anywhere?

MR. McRUER: May I see the minutes in reference to that?

BY MR. KELLOCK: Q. Did you get anywhere with that?
A. No.

Q. What does your minutes show - if my friend would let the witness have it - does it cover this subject matter I am asking you about?
A. Yes. It merely says: "The secretary was authorized to issue a questionnaire to the mills regarding the formation of a committee to make a survey of the industry".

Q. Was that what the committee was for?
A. Well, the committee was to get information for me.

Q. Was that one of the things?
A. Yes, the committee was to get certain information which would enable me to re-draft and re-introduce the question of the agreement.

BY MR. Mc RUER: Q. Have you got a copy of the questionnaire? A. We can get it for you.

MR. McRUER: This has nothing whatever to do with the hosiery agreement.

not to the milis saying whether they would appoint a committee to discuss certain matters in regard to mediation, and so on. That meeting was held for the purpose of - one of the purposes was to see if we could re-introduce the history mechanism with myself.

Q. Did you get anywhere?

MR. HOWDEN: May I see the minutes in reference to that?

MR. KEMPER: Q. Did you get anywhere with that?

A. No.

Q. What long your minutes show - if my friend would let the witness have it - does it cover this subject matter I am asking you about?

A. Yes. It merely says: "The secretary was authorized to issue a questionnaire to the milis regarding the formation of a committee to make a survey of the industry".

Q. Was that what the committee was for?

A. Well, the committee was to get information for me.

Q. Was that one of the things?

A. Yes, the committee was to get certain information which would enable me to re-draft and re-introduce the question of the agreement.

MR. MC KEMP: Q. Have you got a copy of the questionnaire? A. We can get it for you.

MR. HOWDEN: This has nothing whatever to do with the history agreement.

THE COMMISSIONER: With what?

MR. McRUER: With the hosiery agreements.

THE WITNESS: It was to collect information, Mr. McRuer for the purpose of my re-introducing--

MR. McRUER: There is nothing in the questionnaire about it - nothing in the minute about it. The questionnaire was about machinery.

THE WITNESS: About machinery and other things, and it was very essential - if you will read down you will find out there were certain things in that.

BY THE COMMISSIONER: Q. Where is the questionnaire? A. I can get a copy, my lord.

MR. KELLOCK: My friend evidently has a copy.

MR. McRUER: No.

THE COMMISSIONER: If you are going to talk about it and dispute the words in it you better have it here.

MR. McRUER: I haven't got a copy. That was sent out just after this meeting?

THE WITNESS: This was sent out - that will be sent out a day or two following August 28th.

MR. KELLOCK: I don't know how my friend is able to make statements about what is in it.

MR. McRUER: He said that himself; there is nothing about hosiery agreements in it whatever.

THE WITNESS: Not in the questionnaire.

MR. KELLOCK: We will have the document, if necessary.

BY THE COMMISSIONER: Q. Are you talking of August this year? A. August, this year, my lord.

MR. MORUN: With the hosiery agreements.

THE WITNESS: It was to collect information, Mr.

MR. MORUN: There is nothing in the questionnaire about it - nothing in the minute about it. The questionnaire was about machinery.

THE WITNESS: About machinery and other things, and it was very essential - if you will read down you will find out there were certain things in that.

BY THE COMMISSIONER: Q. Where is the questionnaire? A. I don't get a copy, my Lord.

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MR. MACLOCK: I don't know how my friend is able to make statements about what is in it.

MR. MORUN: He said that himself; there is nothing about hosiery agreements in it whatever.

THE WITNESS: Put in the questionnaire.

MR. MACLOCK: We will have the document, if necessary.

BY THE COMMISSIONER: Q. Are you talking of August this year? A. August, this year. My

BY MR. KELLOCK: Q. I am asking you, Mr. Hallam, whether that was one of the objects you had in view at that time? A. Yes, the point was, Mr. Kellock that they wanted to get certain technical information for me which could only be obtained through the committee. When that committee got the information then I was to try and re-introduce this memorandum.

BY THE COMMISSIONER: Q. You mean these price agreements? A. Well, these memorandums, my lord.

BY MR. KELLOCK: Q. That was this year long after this Commission had started to sit? A. Exactly.

Q. Now, I want to refer you to Exhibit--

THE COMMISSIONER: Are you leaving it there; can you not tell me what has become of this effort?

BY MR. KELLOCK: Q. Did you get anywhere with it? A. No, I have not got anywhere with it yet.

Q. Mr. Hallam, I want to know what the situation was that was confronting your full fashioned hosiery branch of the industry at the time in 1932 that you first had these documents, and I see that the recital says:

"Owing to the fact that misrepresentations are being made as to the prices at which full fashioned hosiery is being sold, and the terms under which it is being sold" - misrepresentations by whom?

A.

BY Mr. MENZIES: Q. I am asking you, Mr. Hallam, whether that was one of the objects you had in view at that time? A. At the point that Mr. Hallam had mentioned to us which could only be obtained through the committee. When that committee got the information then I was to try and re-introduce this resolution.

BY THE COMMISSIONER: Q. You mean these prix e agreements? A. Well, these memorandums my lord.

BY Mr. MENZIES: Q. What was this year long after this Commission had started to sit? A. Exactly.

Q. Now, I want to refer you to Exhibit--

THE COMMISSIONER: Are you leaving it there; can you not tell me what has become of this effort?

BY Mr. MENZIES: Q. Did you get anywhere with it? A. No, I have not got anywhere with it yet.

Q. Mr. Hallam, I want to know what the situation was that was confronting your full fashioned hosiery branch of the industry at the time in 1938 that you first had these documents, and I see that the recital says:

"Owing to the fact that misrepresentations are being made as to the prices at which full fashioned hosiery is being sold, and the terms under which it is being sold" -

A. By the buyers, by some of the buyers. I cannot say the buyers, by some of the buyers.

Q. "With the result that the industry is being demoralized with unfortunate results to employees, retailers and manufacturers", and so on; now, I want to refer you to your minutes--

THE COMMISSIONER: What is that from?

MR. KELLOCK: That is from Exhibit 563; that is the agreement itself, my lord, the recital, paragraph 1.

THE COMMISSIONER: Let me have that; I had it the other day. There was a copy here. Let me have it; I want to make sure it is the same thing. All right, go on.

BY MR. KELLOCK: Q. Mr. Hallam, I want to refer you to the minutes of the full fashioned hosiery section, held on the 19th of June, 1930. I see in this book-- A. I am sorry, may I get the book?

Q. The 19th of June, 1930, I see these minutes contain this: "Members pointed out that buyers reported obtaining extraordinarily low prices, such as $3.50 per dozen for sub-standards and $4.50. Mr. H. Barnett was of the opinion that too much credence"--

THE COMMISSIONER: What was that?

MR. KELLOCK: "too much credence should not be placed in such reports, as possibly the goods were not sub-standards but second class goods. Mr. R.S. Williams was of the opinion

A. By the buyers, by some of the buyers. I cannot say the buyers, in some of the buyers.

Q. "With the result that the industry is being demoralized with unfortunate results to employees, retailers and manufacturers", and so on; now, I want to refer you to your minutes--

THE COMMISSIONER: What is that from?

Mr. KENNOCK: That is from Exhibit 555; that is the agreement itself, my lord, the resale paragraph 1.

THE COMMISSIONER: Let me have that; I had it the other day. There was a copy here. Let me have it; I want to make sure it is the same thing. All right, go on.

BY Mr. KENNOCK: Q. Mr. Phillips, I want to refer you to the minutes of the full reconsidered industry section, held on the 19th of June, 1950. I see in this book-- A. I am sorry, may I get the book?

Q. The 19th of June, 1950, I see these minutes contain this: "Members pointed out that buyers reported obtaining extraordinarily low prices, such as $3.50 per dozen for sub-standards are $4.50. Mr. H. McKAY was of the opinion that too much credence"--

THE COMMISSIONER: What was that?

Mr. KENNOCK: "too much credence should not be placed in such reports, as possibly the goods were not sub-standards but second class goods. Mr. H.S. Williams was of the opinion

"that such reports would always be an upsetting factor until greater confidence was built up in the trade".

Now, apparently as early as the 19th of June, 1930, these reports as to what buyers were saying about prices were the subject matter of discussion among your members at the meetings? A. Oh yes.

Q. Now, would you look at the minutes of the 4th of February, 1931. I see that--

A. 1931?

Q. Yes. "Mr. Mutchler" - who was Mr. Mutchler? A. He was one of the managers of a mill. February?

Q. 4th, 1931? A. Right.

Q. "Mr. Mutchler placed the following questions before the meeting for discussion:

(1) What is the exact situation in Canada as to the production and market for full fashioned hosiery?

(2) Is there over-production?

(3) Are prices today based on cost of production or on fear and mistrust?

(4) What does it cost to make full fashioned hosiery?

(5) Are prices going down while the price of silk is going up?

(6) Is the industry being driven by buyers to sell their products at cost or less?

(7) Is taking orders at cost or less in order

"that some supply would always be an essential
factor until general conditions are built up
in the trade".

Now, apparently as early as the 14th of June, 1920,
there reports as to what buyers were saying about
prices were the subject matter of discussion among
your members at the meetings? A. Oh yes.

Q. Now, would you look at the minutes of the
4th of February, 1921. I see that--

A. 1921?

Q. Yes. "Mr. Botchler" - who was Mr.
Botchler? A. He was one of the manufacturers
here.

Q. 4th, 1921? A. Right.

Q. "Mr. Bolton read the following questions
before the meeting for discussion:

(1) What is the exact situation in Canada as
to the quantities now held by the mill
representatives?

(2) Is there over-production?

(3) Are prices today based on cost of
production or on fear and mistrust?

(4) What does it cost to make full fashioned
hosiery?

(5) Are prices going down while the price of
silk is going up?

(6) Is the industry being driven by buyers
to sell their products at cost or less?

(7) Is taking orders at cost or less in order

"to maintain production a paying game?

(8) Can the mills help each other in times such as these, other than by openly and frankly discussing the situation and exchanging information? If not, can each individual mill help itself?

(9) What are the soundest business principles each mill can adopt under the present circumstances?"

There are some other items there that are not of interest, then there is a paragraph a little lower down: "There was a general discussion as to statements made by buyers. There was a frank discussion of some of the stories given circulation and some of the most circumstantial reports recently current were shown to be false"?

A. Which page is that?

Q. That is near the end, that is the 4th paragraph from the end. Was that reported at that meeting? A. Yes.

Q. Then, will you refer to the 31st of July, 1931--

MR. McRUER: What is the date of this one?

THE WITNESS: February 4th, 1931.

BY MR. KELLOCK: Q. Then, on the 31st of July, 1931, I find this paragraph--

THE COMMISSIONER: Are you reading from some document?

"to maintain production a paying power?

(8) Can the mills help each other in times such as these, other than by openly and frankly discussing the situation and exchanging information? If not, can such individual mill help itself?

(9) What are the soundest business principles such mill can apply under the present circumstances?"

There are some other items there that are not of interest, then there is a paragraph a little lower down: "There was a general discussion as to statements made by buyers. There was a frank discussion of some of the stories given circulation and some of the most commercial reports recently received were known to be false"?

A. Which page is that?

Q. That is near the end, that is the 4th paragraph from the end. Was that reported at that meeting? A. Yes.

Q. Then, will you refer to the 21st of July, 1921--

MR. MONDER: What is the date of this one?

THE WITNESS: February 4th, 1921.

BY MR. LAFLEUR: Q. Then, on the 21st of July, 1921, I find this paragraph--

THE COMMISSIONER: Are you reading from some document?

MR. KELLOCK: The minutes of the full fashioned hosiery.

THE WITNESS: What page?

MR. KELLOCK: 31st of July, 1931.

THE WITNESS: I haven't even got that in my book; oh yes, here it is.

THE COMMISSIONER: Now, these are the minutes of the meeting of what association?

MR. KELLOCK: Of the full fashioned hosiery section, my lord. There is a paragraph there, Mr. Hallam: "Price trend reports were discussed, and it was thought that they reflected reasonably accurately the market. It was pointed out that what buyers say is one thing and what is actually so is another".

A. Yes, those are the price trend reports I referred to the other day. I have been quite unable to find any of them on my records. It was quite a long time ago and I don't know where they are.

Q. Was that situation as to what buyers were saying a matter that was a serious thing so far as the mills were concerned? A. It was a very serious matter.

Q. One of the things, at least, which led up to your practice of having these agreements or memoranda, or whatever you want to call them? A. As the depression deepened the fear on the part of the mills was played upon by the buyers to a greater extent.

BY THE COMMISSIONER: Q. Pardon me a minute;

Mr. ROBERTS: The minutes of the full Provincial Council.

THE WITNESS: What page?

Mr. Roberts: Also of June, 1921.

THE WITNESS: I haven't even got that in my book; oh yes, here it is.

Mr. Roberts: Yes, I have, Mr. Chairman, of the meeting of what season that?

Mr. ROBERTS: It was full Provincial Council section, my item. There is a paragraph in there.

Mr. Halsam: "Various items reports were discussed, and it was brought that they reflected very seriously the market. It was pointed out that there buyers say in one thing and what is actually so in another".

A. Yes, there are two prices there regards a matter to the other buy. I have been quite unable to find any of them on my records. It was quite a long time ago and I don't know names they are.

Q. Was that situation as to what buyers were buying a matter that was a serious thing so that as the mills were concerned? A. It was a very serious matter.

Q. One of the things, at least, which led up to your practice of having these agreements or memoranda, or whatever you want to call them? A. The depression opened the door on the part of the mills that prices were by the buyers to a greater extent.

each one of these agreements, you say, takes the form of a letter by the particular mill to you?
A. Yes, my lord, the agreement is made between the mill and myself.

Q. The letter says: "Owing to the fact that misrepresentations", and so on, and it says: "We are giving you the lowest prices at which we sell our full fashioned hosiery to anybody in Canada under any circumstances"?
A. That is correct.

Q. And it says: "We give no undertaking not to decrease or increase these prices as the raw material and labour costs vary, but do undertake to notify you in writing if we propose to make any changes 15 days before announcing any such changes, so that your information will always be correct and up to date as regards our mill".

Now then, the prices are set out in the letter and the mill says we will sell so and so at such and such a price? A. Yes.

Q. Now, does each letter give the same prices?
A. Yes, each letter gives the same prices, but some of these prices were higher--

Q. It is not a question of each mill arriving at independent prices of its own; the prices are uniform? A. You must remember, my lord, that some of them sold at higher prices than those. Some of them sold at higher prices than those.

each one of these agreements, you see, takes the form of a letter by the particular mill to your c. Joe, as here, the agreement is made between the mill and a coal.

The letter says: "Owing to the fact that circumstances", and so on, and it says: "We are giving you the lowest prices at which we could or will furnish coal delivery to shipping in Canada ....."

Q. That is correct.

Q. And it says: "We give no warranty that in business or industrial terms coal is the best material but it does cause ..., but we guarantee to notify you in writing if we propose to make any changes in coal before ..... without first obtaining the consent and to meet the requirements of mill".

Now then, the prices are set out in the letter and the mill says we will sell so and so at such and such a price? A. Yes.

Q. Now, does each letter give the same prices? A. Yes, each letter gives the same prices, but some of them gives more ...

Q. It is not a question of each mill arriving at independent prices of its own; the prices are uniform? A. You must remember, my lord, that some of them sold at higher prices than others. Some of them sold at higher prices than others.

Q. But nobody would sell lower without notifying you first? A. Yes.

Q. The price there is uniform; it is not one price for one mill and another price for another?
A. No.

Q. Although it take the form of a letter from the individual mill to you that letter was written after a uniform minimum price had been agreed to; isn't that right?
A. I would say they agreed to give me that letter, my lord, and it was done at the meeting. It would be done at the meeting and the form that would take would be "Are you willing to sign this agreement with Hallam if I am?" That was the way it was done, but some mills would not be present.

Q. But all fixing on the same minimum price?
A. Exactly, my lord.

Q. Each one agreeing to keep that price going unless he changed his mind in which case he would give 2 weeks' notice?
A. Yes.

Q. And you would inform all the others that "So and so is going to change his price"?
A. That is absolutely correct.

BY MR. KELLOCK: Q. How was that undertaking carried out? A. Oh, there was a certain measure of stability without rigidity, that is to say, the undertaking with me, my lord, was not carried out to the letter of the agreement.

Q. But money would fall lower without
notifying you first? A. Yes.

Q. The price there is uniform; it is not one
price for one mill and another price for another?

A. No.

Q. Although it took the form of a letter from
the individual mill to you that letter was written
after a uniform minimum price had been agreed to;
[illegible]

A. I would say they agreed to give me that letter,
my lord, and it was done at the meeting. It would
be done at the meeting and the form that would take
would be "Are you willing to sign this agreement
with Mollam if I am?" That was the way it was
done, but some mills would not be present.

Q. But all taking on the same minimum price?

A. Exactly, my lord.

Q. Each one agreeing to keep that price
going unless he changed his mind in which case he
would give 2 weeks' notice?

A. Yes.

Q. And you would inform all the others that
"So and so is going to change his price?"

A. [illegible]

BY MR. [illegible]: Q. How was that understanding
carried out? A. Oh, there was a certain
measure of stability without rigidity, that is to
say, the undertaking with us, my lord, was not
carried out to the letter of the agreement.

BY THE COMMISSIONER: Q. You said something about a telephone conversation about so and so is selling cheaper than the price?

A. There was a case, my lord, where one mill in one case sold a tremendous amount of hosiery - I have forgotten the price - without notifying me and then notified me after he had done it.

BY MR. McRUER: Q. Which mill was that?

A. I have forgotten at the moment but I can get it from my records some place.

BY MR. KELLOCK: Q. What I wanted to ask you was that I noticed you had one of these documents in March, 1932, there was another one in March of 1933, there were, I think, 2 in 1934, and there was one in May of 1935, and then there was an attempt to have another one in September of 1935. What was the necessity for all that if these things were being lived up to? A. Well, the agreements would fall into desuetude; I would find my undertaking - mills would ring me up and would be talking about it and I would find out I did not really know and I would say "Well, this thing is off".

BY THE COMMISSIONER: Q. Were there also changes in prices from time to time?

A. Yes, my lord; not only that there was a change in qualities, my lord; there was a substantial in qualities.

Q. And some change in prices?

A. And some change in prices.

BY THE COMMISSIONER: Q. You said something about a telephone conversation about so and so in selling shares that had varied.

A. There was a case, my lord, where one will in one case sold a tremendous amount of bonds - I have forgotten the price - without notifying me and then notified me after he had done it.

BY MR. [illegible]: Q. Which will was that?

A. I have forgotten at the moment but I can get it from my records some place.

BY M. MACLEAN: Q. What I was had to ask you was that I noticed you had one of these dockets in March, 1932, there was another one in March of 1933, there were, I think, 2 in 1934, and there was one in May of 1935, and then there was an attempt to have another one in September of 1935. What was the necessity for all that if these things were being lived up to?

A. Well, the agreements would fall into desuetude; I would find my under-taking - mills would ring me up and would be talking about it and I would find out I did not really know and I would say "Well, this thing is off".

BY THE COMMISSIONER: Q. Were there also changes in prices from time to time?

A. Yes, my lord; not only that there was a change in qualities, my lord; there was a substantial in qualities.

Q. And some change in prices?

A. And some change in prices.

Q. That would require a new agreement?
A. Pardon?

Q. These changes would require a new agreement?
A. Well, sometimes, and I notice here the price, my lord, - will I tell you what theprice shows there?

MR. KELLOCK: Q. I will come to that in a minute; his lorship has just asked the question I was going to ask, and that was this, was the necessity for the later documents, whether that was purely due to changes in price and quality, or was the necessity or desirability of having a later document due to the fact of the manner in which it had been lived up to by the mills? A. I think practically always it was the manner in which it had been lived up to.

BY THE COMMISSIONER: Q. Or not lived up to?
A. Or not lived up to, my lord.

BY MR. KELLOCK: Q. You said in answer to my friend a day or so ago that when that situation developed that the document was not lived up to then you would cancel it; what do you mean by that? A. I would tell the mills that as far as I was concerned I could no longer assure them that the other mills were living up to their agreement with me to give me the lowest prices.

Q. When anybody had not lived up to that document, and you got a complaint about it, what could you do beyond taking it up with the mill that was the offender? A. I used to

Q. That would require a new agreement?

A. Perhaps.

Q. These changes would require a new agreement?

A. Well, sometimes, and I notice here the price, my Lord, - will I tell you what the price shows there?

MR. KELLOCK: Q. I will come to that in a minute; his Lordship has just asked the question I was going to ask, and that was this, was the necessity for the later document, whether that was purely due to changes in price and quality, or was the necessity or desirability of having a later document due to the fact of the manner in which it had been lived up to by the miller? A. I think practically always it was the manner in which it had been lived up to.

BY THE COMMISSIONER: Q. Or not lived up to?

A. Or not lived up to, my Lord.

BY MR. KELLOCK: Q. You said in answer to my friend a day or so ago that when that situation developed that the document was not lived up to then you would cancel it; what do you mean by that? A. I would tell the miller that as far as I was concerned I could no longer assure them on that the other mills were living up to their agreement with me to give me the lowest prices.

Q. When anybody had not lived up to that document, and you got a complaint about it, what would you do? A. I would tell the miller that was the end of it.

ring up the mill, or go and see them, and tell them, ask them and they were usually pretty frank about it. I could not do anything more; there was no possibility of enforcing this thing.

Q. You had no way of enforcing it?

A. I had no way of enforcing it; there were no penalties.

Q. Then, you were going to tell his lordship what the price trend was in the full fashioned hosiery during the periods of these agreements, 1932 on? A. Yes, my lord, these prices are f.o.b. mill for 6 thread cotton top and foot stocking, in 1932, March 7th, the price in my memorandum was $6.15 per dozen, tax extra. In 1933, March 2nd, $5.35, tax extra; in 1934, July 5th, $5.25, tax extra; on November 6th, 1934 it was $5.25, tax extra; on May 1st, 1935, it was $5.25, tax extra, and on September 21st, 1935 it was $5.65, tax extra. Now, running alongside that was the 4 thread stocking which was $6.35 in March, 1932; $5.65 in 1933; $5.35 in 1934; $5.25 on November 6th, 1934; $5.25 on May 1st, 1935 and $5.65 on September 21st. In connection with that, these constructions are not strictly comparable from item to item because over this period the quality was substantially improved. For example, the stocking in 1932 that we refer to here had no picot top.

Q. 1932? A. Had no picot top; that top was subsequently put on by some of the mills,

ring up the mill, or go and see them, and tell them, ask them and they were usually pretty frank about it. I could not do anything more; there was no possibility of bringing the thing.

Q. You had no way of enforcing it?

A. I had no way of enforcing it; there were no penalties.

Q. Then, you were going to tell his Lordship what the price trend was in the full fashioned hosiery during the periods of these agreements, 1932 and?

A. Yes, my Lord, these prices are f.o.b. mill for 6 thread cotton top and foot stocking, in 1926, March 7th, the price in my memorandum was $5.15 per dozen, tax extra. In June, June 8th, 1926, the price in 1926, This $5.25, tax extra; on November 6th, 1926 it was $5.35, tax extra; on May 1st, 1929, it was $5.25, tax extra, and on September 21st, 1929 it was $5.05, tax extra. Now, meaning always that was the 4 thread stocking which was $5.25 in March, 1926; $5.65 in 1927; $5.35 in 1928; $5.25 on November 6th, 1926; $5.25 on May 1st, 1929 and $5.05 on September 21st. In connection with that, these substitutes are not strictly comparable from item to item because over this period the quality was substantially improved. For example, the stocking in 1926 that we refer to here had no plant top.

Q. 1922?

A. Had no plant top; that top was subsequently put on by some of the mills.

in fact, eventually all the mills, and that costs about - I am just giving round figures now - an average figure of 10 to 12 cents a dozen.

BY MR. McRUER: Q. What about the zinc that has been put in them since?

A. Mr. McRuer, you cannot make full fashioned stockings and load them.

BY THE COMMISSIONER: Q. Cannot what?

A. Cannot make full fashioned stockings and load them, my lord; Mr. McRuer is suggesting that we put tin, load with tin in our full fashioned hosiery.

Q. That is in artificial silk hosiery?

A. No, my lord, he means real silk hosiery. You don't load full fashioned hosiery. There used to be a certain amount of full fashioned hosiery came from France with loaded silk, which was loaded in the yarn, my lord; it was yarn dyed, that happened to be yarn dyed and that was when the loading was done. That was very many years ago.

BY MR. McRUER: Q. What is the reason that silk hose won't absorb water now? What is it that keeps water out? A. I cannot tell you.

Q. You can hardly get them wet.

BY MR. KELLOCK: Q. Did you ever try to put a piece of silk in water?

A. I don't know which type you are referring to. They don't use any weighting in the full fashioned, hosiery, Mr. McRuer. That was one of the reasons we were able to take some of the foreign markets

in fact, eventually all the mills, and that costs about - I am just giving round figures now - an average figure of 10 to 12 cents a dozen.

BY MR. MORDEN: Q. What about the zinc that has been put in them since?

A. Mr. Mercer, you cannot make full fashioned stockings and load them.

BY THE COMMISSIONER: Q. Cannot what?

A. Cannot make full fashioned stockings and load them, or put tin, load with tin in our full fashioned hosiery.

Q. What is in artificial silk hosiery?

A. No, my lord, he means real silk hosiery. You don't load full fashioned hosiery. There used to be a certain amount of full fashioned hosiery came from France with loaded silk, which was loaded in the yarn, as Mr. Mercer is very aware, that happened to be yarn dyed and that was when the loading was done. That was very many years ago.

BY MR. MORDEN: Q. What is the reason that silk does not absorb water now? What is it that keeps water out? A. I cannot tell you.

Q. You are hardly get them wet.

BY MR. MERCER: Q. Did you ever try to put a piece of silk in water?

A. I don't know which type you are referring to. Mr. Mercer. That was one of the reasons

away from France, my lord. In addition to these changes, we have put in - some of the mills started to put in a cradle foot, which is supposed to be an improvement. I don't know what the cost of that was in addition to the other, and then the ringless system was put in, which is a 3 carrier system, to prevent shadow effect, and the license for that - I don't know what it costs extra to do - but the patent license in Canada is 10 cents a dozen.

Q. Then, with these improvements in the mills, does it mean that as between mills there is competition in quality as well as in price?
A. The stocking today, the 6 thread cotton top and foot stocking today, is nothing like what it was then. It is a tremendously better article.

Q. I am asking you as between mills is there competition in quality as well as in price?
A. Yes, as between mills there was great competition in quality.

Q. Whatever your memoranda were over the years they did not succeed in keeping up the price at which you started in 1932? A. No.

Q. The general price trend has been what?
A. On full fashioned hosiery, I don't know whether you are interested in that--

Q. Yes, we might have that?
A. It is an average figure, my lord, useful for the purpose of illustration. Now, the first time that the Dominion Bureau of Statistics segregated silk

away from France, my lord. In addition to these changes, we have put in - some of the mills started to put in a cradle foot, which is supposed to be an improvement. I don't know what the cost of that was in addition to the other, and then the ringless system was put in, which is a 3 carrier system, to prevent shadow effect, and the license for that - I don't know what it costs extra to do - but the patent license in Canada is 10 cents a dozen.

Q. Then, with these improvements in the mills, does it mean that as between mills there is competition in quality as well as in price?

A. The stocking today, the 6 thread cotton top and foot stocking today, is nothing like what it was then. It is a tremendously better article.

Q. I am asking you as between mills is there competition in quality as well as in price?

A. Yes, as between mills there was great competition in quality.

Q. Whatever your negotiations were over the years they did not succeed in keeping up the prices at which you started in 1922? A. No.

Q. The general price trend has been down?

A. On full fashioned hosiery. I don't know whether you are interested in that--

Q. Yes, we might have that?

A. It is a strong block, so long, which for the purpose of illustration. Now, the first time the Association Bureau of Statistics segregated silk

full fashioned hosiery from all silk hosiery, that is, circular knit, was in the year 1927. At that time, 1927, the average price per dozen for full fashioned hosiery in Canada was $12.70. In 1928 the average price was $12.07; in 1929 $10.63; in 1930 $10.02; in 1931 $7.85; in 1932 $6.82; in 1931 $5.71; in 1934 $5.68. The 1935 figures are not out yet.

Q. These documents deal with another subject matter as well as price. They deal with the question of marketing seconds. I want to ask you what is the disadvantage from the standpoint of the mills in marketing seconds?

THE COMMISSIONER: In marketing what?

MR. KELLOCK: Marketing stockings as seconds.

THE WITNESS: You mean that are not first class, in marketing a stocking that is not first class, as seconds or irregulars or whatever they happen to be. The disadvantage is in selling. The mills have informed me frequently, and one of my difficulties in getting them to agree was that they could get 25 cents a dozen more from retailers if they did not mark them.

Q. Then, you got the trade to agree to mark them? A. We got the trade to agree to mark them.

Q. For what purpose? A. I thought it was sound business practice, and secondly I thought that it hurt Canadian hose to be sold as first class

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when they were really seconds or imperfects. For instance, my wife brought in hose to me that she bought which she thought were cheap. They were imperfect. They should never have been sold as first class hose. I am sure a great many people do the same thing. She said, "Why, you cannot make hosiery in Canada, we have to go to the United States for it.

Q. It is so the ultimate purchaser knows what she is getting? A. Exactly.

Q. What difference does it make to the retailer? A. The honest retailer, the man who is selling merchandise on an honest basis, has protection. If he won't represent inferior hose as first class hose he is getting the protection that everybody else has, my lord.

Q. Is that practice of marking seconds comparable to the Government practice of marking such things as apples and eggs? A. Well, it may be, I never thought of that before. It is grading, of course, my lord; they are graded, of course.

Q. Well, the object of all grading is to tell the customer what he is buying?

A. Yes, these are actually graded in the mills, my lord. They are graded into a number; I think they grade them into four classes in the mills, firsts, seconds, imperfects and irregulars.

Q. Mr. Hallam, my friend examined you with regard to the production report which was made by

when they were really cocoons or imperfects. For instance, my milk brought in home to me that she thought milks was usually very sheep. They were imperfect. They should never have been sold as first class honey. I am sure a great many people do the same thing. She said, "Why, you cannot make honey in Canada, we have to go to the Dominion Alpine for it."

Q. It is so the ultimate purchaser knows what she is getting? A. Exactly.

Q. What difference does it make to the retailer? A. The honest retailer, the man who is selling merchandise on an honest basis, has a protection. If he won't represent inferior ware as first class ware he is getting the protection that we ought to have, up here.

Q. Is that practice of marking cocoons comparable to the Government practice of marking such things as apples and eggs? A. Well, it may be. I never thought of that before. It is grading, of course, my lord; they are graded, of course.

Q. Well, the object of all grading is to tell the customer what he is buying?

A. Yes, these are normally graded in the mill, my lord. They are graded into a number; I think they grade them into four classes in the mill. Finally, [illegible], [illegible] the [illegible].

Mr. Milne, my friend mentions the mill. Reverting to the promotion report which was made by

Price, Waterhouse & Company in 1932. That was with reference to a certain branch of the industry?

A. That was in reference to the broad silk mills.

Q. The broad silk mills, and that report was made and received? A. Yes, and discussed.

Q. Was there anything ever done?

A. Not as a result of that; no, nothing was done as a result of that, it was too difficult a task.

Q. And had you had production reports before the Price, Waterhouse Report?

A. You mean before the broad silk?

Q. Yes? A. I think we instituted that sometime in advance of that. That was the production, shipments and stock on hand.

Q. You had a practice in your association of getting these reports sometime before you retained Price, Waterhouse & Company?

A. Yes, I see this runs back to July 15th, 1932. That was our report on production, what is delievered against orders, and stock on hand.

Q. Exhibit 436 - I am told that this document contains information that should be part of Exhibit 436, and anti-dates the information in 436.

THE COMMISSIONER: 436 was supplied by Mr. Berry, a statement regarding production of silk and artificial silk through a certain period.

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: This is the same subject.

MR. KELLOCK: This report, my lord, commences with the month of June, 1932, and runs through to

Price, Waterhouse & Company in 1922. What was the reference to a certain branch of the industry?

A. That was in reference to the broad silk mills.

Q. The broad silk mills, and that report was made and received? A. Yes, and discussed.

Q. Was there anything else?

A. Not as a result of that; no, nothing was done as result of that, it was too difficult a task.

Q. And had you had production reports before

A. You mean before the broad silk?

Q. Yes? A. I think we instituted them sometime in advance of that. What was the production, shipments and stock on hand.

Q. You had a practice in your association of getting these reports sometime before you retained Price, Waterhouse & Company?

A. Yes, I see this goes back to July 13th, 1922. That was our report on production, what is delivered against orders, and stock on hand.

Q. Exhibit 456 - I am told that this document contains information that should be part of Exhibit 456, and anti-dates the information in 456.

THE COMMISSIONER: 456 was supplied by Mr. Berry a statement regarding production of silk and artificial silk through a certain period.

M. MCTAGGART: Yes, my lord.

THE COMMISSIONER: This is the same subject.

Mr. [illegible]: Our record, my lord, [illegible]

the month of December, 1934 where--

THE WITNESS: 1935.

MR. KELLOCK: No, 1934, where Exhibit 436 commences, and with your lordship's permission I would like to have it as part of that Exhibit.

THE COMMISSIONER: Yes, I think so.

MR. KELLOCK: 436; well then, Mr. Hallam, the Price, Waterhouse Report was nothing new so far as your associations were concerned. I am showing you here - can you tell his lordship whether or not this matter of getting production reports is something that your association is unique in, or whether the Government itself does it?

A. I don't think we are unique in getting this out.

Q. What is this document I am showing you?

A. That is the monthly review of business statistics, August, 1936, issued by the Dominion Bureau of Statistics, Canada, under Trade and Commerce, my lord.

Q. Would you look at pages 12 to 16 there and tell his lordship what branches of industry are reported on monthly by the Dominion Government?

A. These tables are a little--

Q. It is marked on page 12?

A. I see that the quantity produced of wheat flour is reported on, the mill production, and oatmeal, rolled oats, corn flour and meal, wheat flour exported; these are monthly figures, my lord, refined sugar; refined sugar is dealt with monthly. They give raw sugar, stock on hand at the beginning

the month of December, 1934 where--

MR. MACDONALD (Brantford): Is

Mr. HALLCOCK: No, 1934, where Exhibit 456 commences, and with your Lordship's permission I would like to have it as part of that Exhibit.

MR. MACDONALD (Brantford): I think so.

Mr. HALLCOCK: 456; well then, Mr. William, the price, waterhouse report was nothing new so far as your associations were concerned. I can show you here - can you tell his Lordship whether or not this matter of getting production reports is something that your association is making in, or whether the Government itself does it?

A. I don't think we are making in getting this out.

Q. What is this document I am showing you?

A. That is the monthly review of business statistics August, 1936, issued by the Dominion Bureau of Statistics, Ottawa, under Trade and Commerce, my dear.

Q. Would you look at pages 12 to 16 there and tell his Lordship what branches of industry are reported on monthly by the Dominion Government?

A. These tables are a little--

Q. It is marked on page 12?

A. I see that the quantity produced of wheat flour is reported on, the mill production, and oatmeal, rolled oats, corn flour and meal, wheat flour exported; these are monthly figures, my Lord, refined sugar; refined sugar is dealt with monthly.

of the period. They give the receipts, meltings and shipments. Then, on refined sugar they give the monthly figures on stock at hand at the beginning of the period--

THE COMMISSIONER: What is all this about?

MR. KELLOCK: My lord, I thought that my friend's point was that we were in some way controlling production by making monthly production reports. I want to show your lordship that this is not at all peculiar to our industry.

THE COMMISSIONER: I don't remember that.

MR. McRUER: Mr. Hallam said that was their object in doing that.

MR. KELLOCK: My friend does contend that.

MR. Mc RUER: He said that was the object in keeping them, to exercise some measure of control over production.

THE COMMISSIONER: What he said is of record now; if he did say that you are raising a totally different question.

(Page 8685 follows)

of the world. They give the people, military and employers. Then, on retired argue they give the monthly figures on stock at hand at the beginning of the period--

THE COMMISSIONER: What is all this about?

MR. MELLOCH: My Lord, I thought that my friend's point was that we were in some way controlling production by making monthly production reports. I were to show your Lordship that this is not at all possible to do in advance.

THE COMMISSIONER: I don't remember that.

MR. [illegible]: [illegible]

MR. [illegible]: [illegible]

MR. MELLOCH: He said that was the object in [illegible] was possible.

THE COMMISSIONER: What he said is or seems now; if he did say that you are raising a totally different question.

(MORE ANON FOLLOWS)

MR. KELLOCK: The whole point is to show that this was done by the Government.

THE COMMISSIONER: I know the Government collects statistics and publishes them. They are very useful. There is noreason why your association should not publish statistics that are very useful but if Mr. Hallam did say that in evidence - it is in order to control the production and consequently would affect the price to the consumer - did you say that?

A. No, I said that it would enable the individual mill, if it so desired, to look after its production. It is a matter of record.

MR. KELLOCK: Can you suggest to his lordship how if you tell the manufacturers in your Association what the monthly production of the product they are making is, if you give them that information and make them more intelligent to that extent, how does that enable your Association to control production? A. We have no method. It is to leave it to the horse sense of the manufacturer.

Q. Purely to give him information and make him more intelligent? A. Yes, that is it, give him information. The Government does it here for a number of industries. We have it here in these reports. We asked them to do it and they said the amount of money they had was limited.

Q. You asked them to do it for Textiles? A. Yes, we suggested it and they said the amount of

1935 at 105,2000,000 pound

MR. KELLOCK: The whole point is to show that this was done by the Government.

THE COMMISSIONER: I know the Government co-l statistics and publishes them. They are very use-

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30 . You asked them to do it for Textiles?

A. Yes, we suggested it and they said the amount of

money they had was limited and their help was small, which I think is true of the Dominion Bureau of Statistics.

Q. Is there similar information available to the industry in the United States? A. Yes, I think they have it there, they get it down there.

THE COMMISSIONER: You mean - who gets it down there - the Government?

MR. KELLOCK: No.

THE WITNESS: They do give you monthly figures I know in the woollen trade in the States.

Q. I am showing you Rayon Or'ganon of August 1936, referring you to pages 123 and 124. Will you tell his lordship what that shows? A. This is the Rayon Or'ganon published by the Textile Economics Bureau, Inc. They have a statement here, "Production down in second quarter - but first half a record." It reads:

"Production of non-acetate rayon in the Second Quarter of 1936 amounted to 51,400,000 pounds compared with 53,800,000 pounds in the First quarter. This decline is explained entirely by the serious effect of the March floods on the producing industry's equipment, inasmuch as the available producing equipment ran at essentially full production in the Second Quarter. In spite of this adverse influence, production of non-acetate rayon yarn in the First Half of 1936 at 105,2000,000 pound

money they had was limited and their help was small, which I think is true of the Dominion Bureau of Statistics.

Q. Is there similar information available to the industry in the United States? A. Yes, I think they have it there, they get it down there.

THE COMMISSIONER: You mean - who gets it down there - the Government?

MR. BALLOCK: No.

THE WITNESS: They do give you monthly figures I know in the woollen trade in the States.

Q. I am showing you Rayon Or'gamon of August 1936, referring you to pages 143 and 144. Will you tell his lordship what that shows? A. This is the Rayon Or'gamon published by the Textile Economics Bureau, Inc. They have a statement here, production down in second quarter - but first half a record." It reads:

"production of non-rayons rayon in the second quarter of 1936 amounted to 4,400,000 as compared with 33,800,000 pounds in the first quarter. This decline is explained entirely by the serious effect of the March floods on the producing industry's equipment, insomuch as the available producing equipment was at essentially full production in the second quarter. In spite of this adverse influence, production

1936 at 105,200,000 pounds was 6% greater than the 96,100,000 pounds produced in the same 1935 period, the previous record First Half."

And there is a total, my lord, giving the rayon deliveries and stocks, apparently a monthly chart, at least prepared from a monthly chart from 1930 to 1936. It gives the rayon deliveries and stocks.

Q. I am showing you Textile Mercury and Argus of July 3rd, 1936, and I am referring you to page 3.

THE COMMISSIONER: Are you putting it in?

MR. KELLOCK: I can, my lord. Iwill perhaps put them both in. The Rayon Or'ganon is of August 1936, and the other one is dated July 3rd, 1936.

EXHIBIT 648: Rayon Or'ganon for August 1936, and Textile Mercury and Argus of July, 3, 1936.

THE WITNESS: The heading of this article on page 3, is "Staple fibre". It says:

"A further increase in United Kingdom production of staple fibre is shown in statistics giving the estimated division of rayon out put by processes. As reported a week ago, total rayon production at 12,970,000 lb. in May was the nighest monthly figure ever recorded. The total for the first five months of 1936 was 59,880,000 lbs. and the following table gives the estimated details:

1936 at 105,000,000 pounds was 8% greater than the 96,100,000 pounds produced in the same 1935 period.

MR. GERALD HALLAM, Q.C.:

And there is a total, my lord, giving the rayon deliveries and stocks, apparently a monthly chart, at least prepared from a monthly chart from 1930 to 1936. It gives the rayon deliveries and stocks.

Q. I am showing you Textile Mercury and Argus of July 3rd, 1936, and I am referring you to page 6.

THE COURT: Are you putting it in?

MR. MACLEOD: I can, my lord. Hall perhaps put them both in. The Rayon Ot'mmon is of August 1936, and the other one is dated July 3rd, 1936.

REGISTRY CLERK: Rayon Ot'mmon for August 1936, and Textile Mercury and Argus of July, 3, 1936.

THE RULING: The heading of this article on page 6, is "staple fibre". It says:

"A further increase in United Kingdom production of staple fibre is shown in statistics giving the production figures of rayon yarn and by-product as reported a week ago, total rayon production at 12,970,000 lb. in May was the highest monthly figure ever recorded. The total for the first five months of 1936 was 59,990,000 lbs. and the following table gives the estimated deniers:

January to May, 1936, in 1,000 lbs. They drop off the last three naughts. "Total output, 59,880,000, of which viscose yarn was 41,205. Viscose staple fibre, 9195. Viscose waste,1790, acetate, 6700 and Cuprammonium, 990." They thengive a total of the total starting at 100 and the percentages of the different types of yarn. They then do that for the month of January and May, 1935. There is no necessity to read the figures, just to say they do give them.

"It will be noted that the relative position of staple fibre continues to improve steadily. In 1934 viscose waste and staple fibre together only accounted for 4.2 per cent. of the total. The percentage to-day is 18.4."

Q. Now, when you sent out to your members information as to what the production has been in the past month is there any suggestion or understanding or anything of any kind as to what the production of the recipients of that information shall be? A. No, that is quite correct. As far as the Broad silk mills are concerned nothing has been said about it. As far as the full-fashioned hosiery, I think I did sell to them the idea that it would be a good idea to budget on their own figures, not on the tables, on their own figures of six to eight weeks'stock. I think I explained that because of the change in the method---

Q. Now, do you know of any way in which the

January to May, 1936, in 1,000 lbs. They drop off in the last three months. Total output, 39,820,000, of which viscose yarn was 41,206. Viscose staple fibre, 7,496. Cuprammonium, [illegible], 470; and cuprammonium, 990." They tabulate a total of the total starting at 100 and the percentages of the different types of yarn. They then do that for the month of January and May, 1936. There is no necessity to read the figures, just to say they do give that.

"It will be seen that the activity production of staple fibre continues to improve steadily. In 1934 viscose waste and staple fibre together only accounted for 4.2 per cent. of the total. The percentage to-day is 16.4."

Now, when you sent out to your concern information as to what the production has been in the past month or any kind as to what the production of the respiratory of that information shall be? A. No, that is quite correct. As far as the mixed silk mills are concerned nothing has been said about it. As for the full-fashioned hosiery, I think I did sell to them the idea that it would be a good idea to budget on their own figures, not on the tables, on their figures of six to eight weeks' stock. I think I explained that because of the change in the method---

Q. Now, do you know of any way in which the

furnishing of this production information to your members has lessened competition? A. As far as the full-fashioned was concerned there was two units out, one of the largest units in the country was out. As far as the figures for the broad silk group were concerned, which included artificial silk, a very large unit was out, and so the figures were merely known as to these group of mills.

Q. And since you have started this practice of trying to make your members more intelligent as to what the production was, has the number of mills in the country gone up or down? A. It has gone up.

Q. And has the production gone up or down? A. The production has been very materially increased. For example, just since this report went out - was it 1932 we first put it?

Q. Price, Waterhouse's report was 1932 ?

A. These are full-fashioned hosiery. The production in Canada, according to the Government report in 1932, of silk full-fashioned was 1,347,546 dozen, which increased by 1934 to 1,637,231 dozen.

Q. Are you able to suggest in what way it does any good to anybody, to have mills over-produce? A. I am not an economist but I personally, after a fair experience in the industry, have always considered that over-production was a very wasteful form of activity, that economists have told me that the

furnishing of this production information to your members has lessened competition? A. As far as the full-fashioned was concerned there was two mills out, one of the largest units in the country was out. As far as the figures for the broad silk group were concerned, mills included semi-finished mills, a two loom unit was out, and so the figures were merely known as to these group of mills.

Q. And since you have started this practice of trying to make your members more intelligent as to what the production was, has the number of mills in the country gone up or down? A. It has gone up.

Q. And has the production gone up or down?

A. The production has been very materially increased. For example, just since this report went out - was it 1928 we first put it?

Q. Yes, [illegible]

A. These are full-fashioned hosiery. The production in Canada, according to the government report in 1928, of silk full-fashioned was 1,047,248 dozen, which increased by 1934 to 1,697,221 dozen.

Q. Are you able to suggest in what way it does any good to anybody, to have mills over-produced?

A. I am not an economist but I personally, after a fair experience in the industry, have always counted it that overproduction was a very wonderful thing of activity, that economists have told me that the

loss due to over-production dont actually benefit the consumer but are taken out of the entire public buyers of a country. Now, I am not sufficient of an economist to know whether that is sound or not, but that is what they do tell me.

Q. If a mill adopts the practice of making more than it can sell is there more than one outcome for that kind of practice? A. I would say they would go into bankruptcy eventually.

Q. Now, there was a matter which was mentioned--A. I think even the Government advises certain people not to over-produce, does not it? I have seen such notices sent out, I think.

Q. You are referring now to what? A. I am referring to wheat. I think I have seen notices sent out.

Q. Less acreage? A. Yes.

Q. In Canada, you mean? A. That they ought to grow somethingelse, in Canada. I have seen that.

MR. McRUER: Wheat is not a protected article.

MR. KELLOCK: Q. I would like you to deal with this matter on page 2094 of the evidence. There was a discussion there in which Your Lordship took part, and what Your Lordship says--this was the 16th day, I presume in Montreal. Your Lordship says:

THE COMMISSIONER: What Mr. Hallam the witness?

MR. KELLOCK: No, Mr. Gordon was in the box.

loss due to over-production dont actually benefit the consumer but are taken out of the entire public buyers of a country. Now, I am not sufficient an economist to know whether that is sound or not, but that is what they do tell me.

Q. If a mill adopts the practice of making more than it can sell is there more than one outcome for that kind of practice? A. I would say they would go into bankruptcy eventually.

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Q. You are referring now to what? A. I am referring to wheat. I think I have seen notices sent out.

Q. Less acreage? A. Yes.

Q. In Canada, you mean? A. That they are to grow something else, in Canada. I have seen that.

MR. MORGAN: Wheat is not a protected article.

MR. FERLOCK: Q. I would like you to deal with this matter on page 4004 of the evidence. There was a discussion there in which Your Lordship took part, and what Your Lordship says--this was the 15th day, I presume in Montreal. Your Lordship says:

THE COMMISSIONER: Let Mr. Hallam the witness

Q. : No, Mr. Somon was in the box.

" THE COMMISSIONER: I think I understand now "what you wanted the Government to do which "precluded themselves from doing on account of "the Trade Agreement they had made with the "United States? A. I do not think the "Ministers felt that they were precluded "entirely

Q. And the action under section 43, what was that?

A. Fixed valuation, fixing valuations.

Q. As to that I am showing you a copy of a letter from Mr. Wrong, Charge d'Affaires in Washington to the Secretary of State of the United States dated November 15, 1935? A. Yes.

Q. It is a letter dated 15th of November, 1935, and it reads:

"At the moment of signature of the Trade Agreement between Canada and the United States of America, I am directed by the Secretary of State for External Affaires to state for the information of your Government that it is the intention of his Majesty's Government in Canada to invite Parliament at its next session to enact legislation amending the provisions of the Customs Act presently fixing the method of determining the value of merchandise for duty purposes as a step....."

THE COMMISSIONER: That is Section 43.

MR. KELLOCK: Yes, my lord.

" THE COMMISSIONER: I think I understand now "what you wanted the Government to do when "precluded themselves from doing on account of "the trade agreement they had made with the "United States? A. I do not think the "Commissioner has any such wide provision "actually.

Q. And the action under section 16, that was merely fixed valuation, fixing valuations.

A. As to that I am showing you a copy of a letter from Mr. Stong, Chargé d'Affaires in Washington to the Secretary of State of the United States dated November 15, 1925? A. Yes.

Q. It is a letter dated 15th of November, 1925, and it reads:

"At the moment of signature of the Trade Agreement between Canada and the United States of America, I am directed by the Secretary of State for External Affairs to state for the information of your Government that it is the intention of His Majesty's Government in Canada to invite Parliament at its next session to enact legislation embodying the provisions of the Customs act presently fixing the method of determining the value of merchandise for duty and use as a step....."

Commissioner: Just in section 16.

MR. HELLEN: Yes, my lord.

"In regising the methods of determining the value of merchandise for duty purposes the following principle, among others, will be incorporated in the contemplated amendments to the Customs Act of Canada."

And then (c) is:

"In the case of any value for duty which may be established under authority of Section 43, other than those provided for in Schedule I of the Trade Agreement signed to-day, opportunity will be afforded for appeal to the Tariff Board respecting any such value in order to ascertain and make public the finding whether, to what extent, and for what period, such value may be required to prevent the importation of the goods into Canada from prejudicially or injuriously affecting the interests of Canadian manufacturers and producers."

And as part of the same exhibit, my lord, I should like to put in the Trade Agreement between Canada and the United States of America where that paragraph is implemented, and I understand the Statutes of 1936 implement both documents.

Exhibit 649: Letter dated November 15th, 1935, from H.W. Wrong, ~~te~~ Charge D'Affaires to the Hon. Cordell Hull, with copy of Trade Agreement between Canada and the United States dated the same date.

THE COMMISSIONER: That is the Reciprocity Agreement,

"In regulating the methods of determining the value of merchandise for duty purposes the following principle, among others, will be incorporated in the Canadian amendments to the Customs Act of Canada."

and then they say:

"In the case of any value for duty which was established under authority of section 45, other than those provided for in schedule 1 of the Trade Agreement signed to-day, opportunity will be afforded for appeal to the Tariff Board respecting any such value in order to ascertain and make public the finding whether to what extent, and for what period, such value may be required to prevent the importation of the goods into Canada from prejudicially or injuriously affecting the interests of Canadian manufacturers and producers."

And as part of the same exhibit, my lord, I should like to put in the Trade Agreement between Canada and the United States of America where that proposition is implemented, and I understand the Minutes of 1935 implement this Agreement.

Exhibit 640: Letter dated November 16th, 1935, from H. A. Stone, Esq. Chairman M.N.R. to the Hon. Cordell Hull, with copy of Trade Agreement between Canada and the United States dated the same date.

THE COMMISSIONER: That is the Reciprocity Agreement

known as such.

MR. KELLOCK: Yes, known as such.

THE COMMISSIONER: Have you the present amended Statute? Better see what the situation is now. Is it exactly the same in reference to Japan as it is in reference to the United States? I mean, the same agreement was come to with Japan as the one you just read with the United States.

MR. BERRY: This is a copy of the bill on its process through the House.

THE COMMISSIONER: Oh, I see, the Section of the Act remains as it was with this thing added to it, providing for an appeal.

MR. KELLOCK: The point was, my lord, the Government's hands were not tied. I want to come to another matter shortly. My friend referred to Exhibit No. 592, which was a letter written by ~~you~~ Mr. Watson and also followed up by a letter of yours.

THE COMMISSIONER: Exhibit 592 is a file regarding raw silk.

MR. KELLOCK: In that Exhibit there is a letter from Mr. Watson to the witness.

-- Adjourned at 3.45 for recess.

-- On resuming.

MR. KELLOCK: Q. Mr. Hallam, my friend was referring you to part of Exhibit 630, which includes a letter from Mr. Watson to you of April 13th, 1932, and with regard to the Manhattan Silks and Woollens

Lower Canada.

Q. (COLONEL) Yes, Lower Canada.

Hon. Lyman Jones: Have you the current Statutes?

Better see what the situation is now. Is it exactly the same in reference to Japan as it is in reference to the United States? I mean, the same agreement was come to with Japan as the one you just read with the United States.

Mr. MARTY: This is a copy of the bill on its process through the House.

The COMMISSIONER: Oh, I see, the motion of the act remains as it was with this thing added to it, providing for an appeal.

Mr. MILLOCK: The point was, my lord, the Government's hands were not tied. I want to come to another matter shortly. My friend referred to Exhibit No. 308, which was a letter written by Mr. Jerson and also followed up by a letter of yours.

The COMMISSIONER: Exhibit 308 is a file relating the bill.

Mr. MILLOCK: In that exhibit there is a letter from Mr. Jerson to the witness.

-- adjourned at 5.45 for recess.

-- on resuming.

Mr. MILLOCK: Mr. Hallam, my friend has referring you to part of Exhibit 308, which includes a letter from Mr. Jerson to you of April 15th, 1928,

Limited of Montreal and following that a letter which you had written to Mr. Sherzer, who was apparently interested in that, and my friend was suggesting in the correspondence you were discouraging that promotion from getting under way in Canada. I am asking you what you say your Association had done from time to time with regard to encouraging mills to come to Canada. We give information to anybody that asks it. For example, I can remember that the Industrial Commissioner of Toronto askedme some time ago whether there was room in the country for a mill making children's hosiery of a certain class, and I gave him information on that that there not enough machinery of that nature in this country, and as a result a mill came in. I think it employs about 150 people now. That was children's hosiery mill, my lord, and they don't have these federal machines. Previous to 1930 they came in from the States in great quantities.

Q. Any other instance? A. I remember having a discussion in regard to dry spun worsted yarn. There was some talk about mill starting up and I talked it over with the two men in the industry that were doing it at that time and they said that in their opinion there was room in the industry for more machinery and I arranged ~~with~~ that the representatives of these people should go to this mill and get full information as to the technical

side of it and what their experience had been in Canada. These two mills were started in Canada. One was a branch of another mill that meant building an entirely new building and machinery was brought in from England.

Q. Where was that? A. That was in Kincardine, Botany dry spinners, Limited.

Q. And the other one? A. That was in Hamilton, the Mohawk Mill, which I think the machinery came from the States and I am not sure whether a new building was erected or not or whether put in an old building.

Q. Any others? A. I think that there are some of our people in the full-fashioned hosiery had something to do with Aberfoyle coming into the country, and that is at Guelph, and they employ about 100 people. We have given them information and we had given other information to people who wanted it who brought mills into the country where there was room.

Q. Is it your policy to refuse to give information about industry to people who ask for it? A. I have even given it to Japanese, much against my will, from time to time.

THE COMMISSIONER: Let me see that Exhibit you refer to, letter from Mr. Watson, Exhibit 630. Was there not another letter put in somewhere on this same question?

side of it and what their experience had been in Germany. Those two mills were started in Canada. One was a [illegible] mill that caused building of entirely new building and machinery was brought in from England.

Q. Name one [illegible] Q. That was in Rotary Dry Cleaners, Limited.

Q. And the other one? A. That was in [illegible] the Brown Mill, which I think the machinery came from the States and I am not sure whether a new building was erected or not or whether put in an old building.

Q. Any others? A. I think that among some of our people in the full-fashioned hosiery had something to do with Aberfoyle coming into this country, and that is at Guelph, and they employ around 100 people. We have given them information and we had given other information to people who wanted it who brought mills into the country where there was a need.

Q. Is it your policy to refuse to give information about machinery to people who ask for it? A. I have even given it to Germans, much against my will, from time to time.

THE COMMISSIONER: Let me see the exhibit you refer to, letter from Mr. [illegible], Exhibit 880. Was there not another letter put in somewhere on the

MR. McRUER: Yes, my lord, it is Exhibit 592.

THE COMMISSIONER: Better get it out because it touches the same question.

MR. McRUER: Letter dated May 11th, 1933, from Mr. Marx to Mr. Hallam. Letter No. 9 in that file.

MR. KELLOCK: Oh, yes.

THE COMMISSIONER: If you would rather deal with the other one first, go about it in your own way.

MR. KELLOCK: Here is another letter here, Mr. Hallam, part of Exhibit 592, letter from Mr. Marx, to you, of the 11th of May, 1933, refers to the article in "Women's wear" of May 10th, apparently 1933, where Mr. Marx says:

"In the 'Women's Wear' of Wednesday, May 10th, there appears and article with reference to the Canadian Silk Industry, in which figures aregiven leading me to believe that somebody well acquainted with our industry has supplied this material for this paper.

"If you can throw any light on the origin of this article I should be glad if you would kindly communicate with me, as I do not think that it is in the interest of our Trade to publish particulars of this kind which might give the impression to some of our friends in the States that Canada has yet plenty of room for development of the Silk Industry.

If you do not know at the moment who

[illegible]. [illegible], [illegible], it is [illegible].

THE COMMISSIONER: Better get it out because [illegible] are [illegible].

MR. MORLAN: Letter dated May 11th, 1933, from Mr. Berx to Mr. Mollam. Letter No. 9 in that file [illegible], 144.

THE COMMISSIONER: If you would rather deal with the other one first, go about it in your own way.

MR. MORLAN: Here is another letter here, Mr. Mollam, part of [illegible], [illegible] to you, of the 11th of May, 1933, refers to the article in "Women's Wear" of May 10th, apparently 1933, where Mr. Berx says:

"In the 'Women's Wear' of Wednesday, May 10th, there appears an article with refer to the American Silk Industry, in which figures employed leading us to believe that somebody well acquainted with our industry has supplied this material for this paper.

"If you can throw any light on the origin of this article I should be glad if you would kindly communicate with me, as I do not think that it is in the interest of our Trade to publish particulars of this kind which might give the impression to some of our friends in the States that Canada has yet plenty of room for development of the Silk Industry,

supplied the material for this article, it might be as well to make enquiries, with a view to stopping the repetition of this kind of news, which in my opinion would be best left unpublished." Do you recall that letter? A. I recall that letter.

Q. Do you remember the circumstances? A. I have been trying to get a copy of the Women's Wear Review to see what I actually did see. I have been looking back on my files and I am not certain what I did say. I think we can get a copy from New York, I gave one side only of the picture - that is to say, I gave increase of production in Canada without pointing out that the imports had also gone down and that therefore the market in Canada, that the total consumption market in Canada had not increased.

BY THE COMMISSIONER: Q. It was you wrote the article that Mr. Marx complained of? A. Yes, I did. At least, I sent notes, I think I sent notes down to the Fairchild Publication Company which publishes this.

MR. KELLOCK: Q. Apparently Mr. Marx at that time did not think there was more room and you had given the information? A. Yes, I gave the information.

Q. And you say it may not have given the whole story? A. From the notes I have I would say that.

supplied the material for this article, it might be as well to make enquiries, with a view to stopping the repetition of this kind of news, which in my opinion would be best left unpublished. Do you recall that letter? A. I recall that letter.

Q. Do you remember the circumstances? A. I have been trying to get a copy of the Hansard's Report to see what I actually did say. I have been looking back on my files and I am not certain what I did say. I think we can get a copy from New York. I gave one side only of the picture - that is to say, I gave increase of production in Canada without pointing out that the imports had also gone down and that therefore the market in Canada, that the total consumption market in Canada had not increased.

BY MR. COMMISSIONER: Q. It was you wrote the article, was you, Mr. Mallow? A. Yes, I did.

At least, I sent notes, I think I sent notes down to the Financial Publication Company which published it.

Q. Did you, Mr. Mallow, at that time did not think there was more room and you had given the information? A. Yes, I gave the information.

Q. And you say it may not have given the whole story? A. From the notes I have I would say

BY THE COMMISSIONER: Q. You did not answer Mr. Marx' letter because there is no answer there? A. Yes, there was an answer.

MR. KELLOCK: Yes, there was an answer, my lord. That was also read by my friend. Yes, it is here. The letter I apparently read to you was from Mr. Gowling instead of being from Mr. Marx. The letter to the witness was from Mr. Gowling. There is another one, a short one, from Mr. Marx, where he says: "I am in receipt of a copy of a letter sent you on May 11th, by Mr. Gowling, with regard to an article which appeared in Women's Wear." Apparently Mr. Gowling sent a copy of his letter to Mr. Marx. " When I saw this article I immediately took it up with Mr. Gowling, and asked him to write you. I was very much surprised that anybody had given out such figures. Of course, I know that it was not you, but somebody has been very foolish."

THE WITNESS: My lord, as a matter of fact, these figures I was not proposed to use in the Press. They were from my reports from the Mills and were really the property of the mills. I was not supposed to use them but I think what was wrong with the article really was that I only told one side of the story.

(Page 8699 follows)

BY THE GRAND JURY: Q. You did not answer Mr. Marx' letter because there is no answer there?

A. Yes, there was an answer.

MR. MILLER: Yes, there was an answer, my lord. That was also read by my friend. Yes, it is here. The letter I apparently read in yes was from Mr. Marx instead of being from Mr. Marx. The letter to the witness was from Mr. Gowling. There is another one, a short one, from Mr. Marx, where he says:

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Of course, I knew that it was not you, but somebody has been very foolish."

THE JUDGE: My lord, as a matter of fact, these figures I was not proposed to use in the trade. They came from my reports from the mills and were really the property of the mills. I was not supposed to use them but I think what was wrong with the article really was that I only told one side of the story.

(Page 5023 follows)

Q. Well, your letter to Mr. Cowling of the 16th of May has this: "Dear Mr. Cowling: I have your letter of May 11th regarding the item in 'Women's wear' on May 10th. I thought you were referring to the Canadian Women's Wear, but have had a clipping sent to me from the United States paper. This information originated in this office and without doubt I am responsible for its publication. Early in May, when raw material prices were jumping, I had various newspapermen get after me in regard to whether conditions were such in the wool and silk raw material market that prices of finished products of wool and silk would increase. In discussing raw material p ices and the situation generally I use the figures contained in the clipping. At the time my view was that information on the increase in raw silk prices and such information would give the buyers in Canada something to think about and stimulate business, and I must confess at the time that the point that it might encourage United States mills to consider entering Canada was not in my mind as it usually is, when I either write or talk about the silk trade to anyone."

Now, that is the part, Mr. Hallam, do you want to say anything further about that part of it? "I must

Q. Well, your letter to Mr. Gerling of the 5th of May has this: "Dear Mr. Gerling: I have your letter of May 11th regarding the item 'women's wear' on May 12th. I thought you were referring to the Canadian women's wear, but have had a telephone call to me from the Ottawa people. This information circulated in this office and without doubt I am responsible for its publication. Well in May, when raw material prices were tumbling, I had various representations put after me in regard to whether conditions were such in the wool and silk raw material market that a loss of finished products of wool and silk would increase. In view of raw material prices and the situation generally I saw the 5% duties contained in the clipping. At the time my view was that information on the increase in raw silk prices and such information would give the buyers in Canada something to think about and stimulate business, and I took a risk at the time that the point that it might encourage United States mills to consider whether Canada was not in my mind as it usually is, when I either write or talk about the silk trade to anyone."

Q. That is the part, Mr. Bellew, do you want to [illegible]

confess at the time that the point that it might encourage United States mills to consider entering Canada was not in my mind as it usually is, when I either write or talk about the silk trade to anyone"? A. Well, the bakeground of that was that was in the three months at the very bottom of the depression, both in Canada and the United States. There was a tremendous amount of machinery in the United States which was idle and which was bankrupt. There were other letters - I think we can find them on the files I shall certainly look for them, to people in the States pointing out the tremendous opportunities that were in Canada in the silk trade.

BY THE COMMISSIONER: Q. Letters from whom? A. Letters from people who wanted to establish - who wanted to have American mills come in here. I must confess I thought there was at that time too much machinery. Just take the personal conditions that faced everybody in those three months; that is, the first three months of that year. I don't think I have ever been through such a period in my life. Those three months, every manufacturer in the country was coming in and telling me what difficulties they were in. I am not only talking about the silk trade, but all our branches, and I must confess I think the first time in years I really lost courage, absolutely lost courage. I thought there was too much machinery in the silk industry. Those were a bad three months. I never want to go through that again.

courses at the time that the point that it might encourage United States mills to consider entering Canada was not in my mind as it usually is, when I either write or talk about the silk trade to anyone?

A. Well, the background of that was that was in the three months at the very bottom of the depression, both in Canada and the United States. There was a tremendous amount of machinery in the United States which was idle and which was bankrupt. There were other letters - I think we can find them on the files I shall certainly look for them, to people in the States pointing out the tremendous opportunities that were in Canada in the silk trade.

BY THE COMMISSIONER: Q. Letters from whom?

A. Letters from people who wanted to establish - who wanted to have American mills come in here. I must confess I thought there was at that time too much machinery. Just take the personal conditions that faced everybody in those three months; that is, the first three months of that year. I don't think I have ever been through such a period in my life. Those three months, every manufacturer in the country was coming in and telling me what difficulties they were in. I am not only talking about the silk trade, but all our branches, and I must confess I think the first time in years I really lost courage, absolutely lost courage. I thought there was too much machinery in the silk industry. Those were a bad three months. I nev

Q. Didn't you just say your production was increasing; you say your production was increasing in those figures you published?

A. I think that was production of silk only.

Q. Yes, I thought we were talking of silk?

A. But the prices were terrible; the prices were terrible at that time. I am trying to get a copy of the article, my lord.

Q. It is not a copy of the article, it is a copy of your attitude towards allowing other people to come in and increase employment in the country, that is all. You told us the other day what you objected to was various companies coming in going to towns and villages and getting bonuses; you didn't like that? A. That is my real objection, my lord.

Q. I would like you to give us some particulars about some of these people that tried that sort of thing.

BY MR. KELLOCK: Q. Can you tell his lordship about them? A. I cannot without records; I would have to get them.

BY MR. McRUER: Q. Where will that record be? A. I was going to ask the Better Business Bureau on that. I think the Better Business Bureau took some action to look after that. I think possibly I might get some information from the banks on it.

Q. Have you a file with the Better Business Bureau? A. I don't think so; I may have

Q. Didn't you just say your production was increasing; you say your production was increasing in these figures you published?

A. I think that was production of silk only.

Q. Yes, I thought we were talking of silk?

A. But the prices were terrible; the prices were terrible at that time. I am trying to get a copy of the article, my lord.

Q. It is not a copy of the article, it is a copy of your attitude towards allowing other people to come in and increase employment in the country, that is all. You told me the other day what you objected to was various companies coming in going to towns and villages and getting business; you didn't like that?

A. That is my real objection, my lord.

Q. I would like you to give us some particulars about some of these people that tried that sort of thing.

BY MR. MOTTOCK: Q. Can you tell his lordship what that?

A. I didn't [illegible] I would have to get them.

BY MR. MOTTOCK: Q. There will that record be [illegible]

A. I was going to ask the Better Business Bureau or that. I think the Better Business Bureau took some action to look after that. I think possibly I might get some information from the bureau on it.

Q. Have you a file with the Better Business Bureau [illegible]

but I am not certain.

Q. I would like to look through your file if you have? A. Yes, if I have a file I will look it up.

MR. KELLOCK: I think if we have you have already seen it because you have seen everything.

MR. McRUER: I know, but there is a great deal we have not gone through in all that.

MR. KELLOCK: If we have that we will certainly produce it because we want everything produced that you want in any way. Mr. Hallam, are you saying at that time you were familiar with such a situation? A. I was familiar with such a situation.

Q. Were there - was there a large amount of machinery to be obtained in the United States at low prices? A. Yes, to be got for next to nothing. It was distressed machinery, and a lot of it went to Japan, as a matter of fact.

BY THE COMMISSIONER: Q. What is that? A. I think quite a lot of it went to Japan at that time.

BY MR. KELLOCK: Q. Do you recall being consulted by any municipalities about the advisability of such a practice at that time?
A. I don't think at that time; I don't think at that time.

Q. All right; if you have anything--
A. If I have anything, I will see if I can find anything on that.

but I am not certain.

Q. I would like to look through your file if you have? A. Yes, if I have a file I will look it up.

M. MONDOR: I think if we have you have already seen it because you have seen everything.

MR. MONDOR: I know, but there is a great deal we have not gone through in all that.

M. MONDOR: If we have that we will certainly produce it because we want everything, provided that you want in any way. Mr. Mellen, are you saying at that time you were familiar with such a situation? A. I was familiar with such a situation.

Q. Were there - was there a large amount of machinery to be obtained in the United States at low prices? A. Yes, to be got for next to nothing. It was distressed machinery, and a lot of it went to Japan, as a matter of fact.

BY THE COMMISSIONER: Q. What is that? A. I think quite a lot of it went to Japan at that time.

BY M. MONDOR: Q. Do you recall being communicated by any municipalities about the advisability of such a practice at that time? A. I don't think at that time; I don't think at that time.

Q. All right; if you have anything--

A. If I have anything, I will see if I can find anything on that.

Q. I want to come to this letter, Exhibit 599, which is a letter--

THE COMMISSIONER: From Mr. Hallam to the Prime Minister.

MR. KELLOCK: From the president of the Silk Association, my lord, February 10th, 1931.

THE COMMISSIONER: Who is the president?

MR. KELLOCK: Who was the president at that time?

THE COMMISSIONER: February 12th, is that wrong?

MR. KELLOCK: February 10th.

THE COMMISSIONER: Were there two letters?

MR. KELLOCK: Is there any other part to this Exhibit? Just the one letter, my lord, which is February 10th, 1931.

THE COMMISSIONER: It is from the president?

MR. KELLOCK: The president of the Silk Association.

THE COMMISSIONER: Who is that?

BY MR. KELLOCK: Q. Who was that?
A. I am trying to remember.

THE COMMISSIONER: I thought the letter would show it.

MR. KELLOCK: No, it does not.

THE COMMISSIONER: The president of the Silk Association?

MR. KELLOCK: Yes, my lord.

THE WITNESS: I drafted the letter, my lord,

which is a letter--

THE COMMISSIONER: From Mr. Wallace to the Prime Minister.

MR. MILLOCK: From the president of the Silk Association, my lord, February 10th, 1921.

THE COMMISSIONER: Who is the president?

MR. MILLOCK: Who was the president at that time?

THE COMMISSIONER: February 10-th, is that correct?

MR. MILLOCK: Yes, my lord.

THE COMMISSIONER: Were there two letters?

MR. MILLOCK: Is there any other part to this exhibit? Just the one letter, my lord, which is February 10th, 1921.

THE COMMISSIONER: It is from the president?

MR. MILLOCK: The president of the Silk Association.

THE COMMISSIONER: Who is that?

BY MR. MILLOCK: Q. Who was that?

A. I am trying to remember.

THE COMMISSIONER: I thought the letter would show it.

MR. MILLOCK: No, it does not.

THE COMMISSIONER: The president of the Silk Association.

MR. MILLOCK: Yes, my lord.

THE WITNESS: I drafted the letter, my lord.

I drafted the letter.

THE COMMISSIONER: That may be why I have it here as yours.

THE WITNESS: I think that is why.

BY MR. KELLOCK: Q. The letter says, Mr. Hallam - it is re "Factory Prices, Silk Association of Canada Brief".

"It has been suggested that we should amplify our statement regarding factory prices on page 1 of our brief on the Silk Schedule dated November 29th, 1930. Since the tariff revision in September, 1930, the Canadian factory prices of silk fabrics have not been increased, but in many cases have been decreased. This is also generally true of fabrics of artificial silk, although there may be special cases where fabrics containing artificial silk have been slightly increased in factory price owing to an increase in the cost of raw material, namely certain types of rayon yarns. If the recommendations made in our brief of November 29th, 1930 are carried out the manufacturers of silk and artificial silk fabrics will not increase factory prices, but will continue the policy of reducing factory prices, as increased production warrants, so long as the costs of raw material and labour do not increase. The production of woven manufactures of silk and rayon is highly competitive in Canada

I quoted the letter.

MR. CHAIRMAN: That may be why I have it here as I read.

MR. [illegible]: I think that is why.

BY M. [illegible]: The letter says, Mr. Nelson - it is re "Factory Prices, Silk Association of Canada, etc."

"It has been suggested that we should amplify our statement regarding factory prices in view of our relief on the Silk Schedule dated November 24th, 1950. Since the tariff revision in September, 1950, the domestic factory prices of silk hosiery have not been increased, but in many cases have been reduced. This is also generally true of prices of artificial silk, although there may be [illegible] artificial silk have been slightly increased in factory price owing to an increase in the cost of raw material, namely certain types of rayon yarns. If the recommendations made in our brief of November 24th, 1950 are carried out the manufacturers of silk and artificial silk fabrics will not increase factory prices, but will continue the policy of reducing factory prices, as increased production warrants, so long as the costs of material and labour do not increase.

"there being sufficient machinery to supply the present market, and the Government and the people of Canada can be assured that efficient production costs govern the factory prices."

Now, the letter says that at this time the mills were reducing prices, that the production was increasing and raw materials were going down; had you discussed with the mills this question as to their prices and what they would charge?

A. I had discussed it in 1930 when I think a somewhat similar letter was written. I am not sure whether it was or not, but I believe there was, and I had discussed it with the different heads of mills and asked them what they would do in this regard, what their policy would be in case there was an increase in the tariff rates.

Q. Yes. A. That is what they told me. Then in 1931 - the suggestion was made in our brief dated November 29th, 1930 - I did the same thing with these people all again, and I had to do that for preparing my brief. I asked them in case the Government increased the tariff, what would their policy be. They said it would be the same as before.

Q. Was that carried out by these mills?

A. I believe it was.

Q. There was a letter, Exhibit 616, put in, a letter from Mr. Watson to you of the 5th of March, 1934, and to refresh your memory it reads:

"there being sufficient machinery to supply the present market, and the Government and the people of Canada can be assured that efficient production exists given the factory prices."

A.M. the letter says that at this time the mills were receiving prices, that the production was increasing and raw materials were going down; had you discussed with the mills this question as to their prices and what they would charge?

A. I had discussed it in 1920 when I think a somewhat similar letter was written. I am not sure whether it was or not, but I believe there was, and I had discussed it with the different heads of mills and asked them what they would do in this regard, what their policy would be in case there was an increase in the raw material.

Q. Yes. A. That is what they told me. Then in 1921 - the suggestion was made in our brief dated November 25th, 1920 - I did the same thing with the Indian Affairs, and I was so in the habit of presenting my brief. I asked them in case the Government increased the tariff, what would their policy be. They said it would be the same as mine.

Q. Was that carried out by those mills?

A. I believe it was.

Q. There was a letter, Exhibit 245, put in, a letter from Mr. Watson to you of the 5th of March,

"In reply to yours of the 21st ultimo which has been held until I have returned from a short holiday. I take the attitude that if we are going to get any of the proposed funds that are going to be expended for advertising that we will have to show some interest in the Silk Guild, and rather than take the responsibility of deciding this whole thing myself why not prepare a questionnaire letter on the matter and send it out to all of the mills involved and see what the consensus of opinion is and govern yourself accordingly".

Then, Mr. Watson goes on to discuss the matter that was discussed with you by my friend about collecting funds for an election which is in the offing. He refers, in opening his letter, to your letter of the 21st ultimo. I am showing you a copy of a letter; is that the letter to which he refers?

A. Yes, that is my file copy.

Q. I should like to have that added to the Exhibit, my lord; it is a letter from the witness to Mr. Watson dated the 21st of February, 1934.

THE COMMISSIONER: Dated what?

MR. KELLOCK: The 21st of February, 1934, my lord.

THE COMMISSIONER: All right.

MR. KELLOCK: Mr. Hallam to Mr. Watson; the letter reads: "Dear Mr. Watson: The International

"In reply to yours of the 21st ultimo which has been held until I have returned from a short holiday. I hope you will agree that if we are going to get any of the proposed funds that are going to be expended for advertising that we will have to show some interest in the Silk Gauld, and rather than take the responsibility of holding this whole thing myself why not prepare a questionnaire letter on the matter and send it out to all of the mills involved and see what the consensus of opinion is and govern yourself accordingly".

Then, Mr. Watson goes on to discuss the matter that was discussed with you by my friend about collecting funds for an election which is in the offing. He refers, in opening his letter, to your letter of the 21st ultimo. I am showing you a copy of a letter; is that the letter to which he referred?

A. Yes, that is my file copy.

Q. I should like to have that added to the exhibit, my lord; it is a letter from the witness to Mr. Watson dated the 21st of February, 1934.

THE COMMISSIONER: Dated when?

M. HAYCOCK: The 21st of February, 1934.

Lord.

(EXHIBIT NO. 111-(1)).

M. HAYCOCK: Mr. Hallam to Mr. Watson; the (EXHIBIT NO. 111-(2)) Mr. Watson: The International

"Silk Guild Incorporated, of the United States, has sent me particulars of their objects and methods. I have written for further information. Do you want me to take this matter up with the other silk mills?"

What was that about?

A. There was a move on foot that our association members, either individually or as a group, should join the International Silk Guild, with an office in New York, and they have offices in other countries. At that time the Japanese Government was proposing to spend a considerable fund on advertising real silk, or the advantages of real silk, natural silk, and the Silk Guild in the United States was going to handle this fund, and we had asked that certain portions of this fund be expended in Canada with Canadian newspapers and magazines. We had taken it up with the External Trade Branch at Ottawa and they had taken it up with the Government representative of Japan.

BY THE COMMISSIONER: Q. At this time Mr. Watson was president of the silk association?

A. I think he was at that time.

BY MR. McRUER: Q. Chairman of the broad silk section? A. No, I think Mr. Marx was chairman at that time; he was very interested in this fund, as a matter of fact.

Q. No, it is the tariff committee?

A. The tariff committee.

"Silk Guild Incorporated, of the United States, has sent me particulars of their objects and methods. I have written for further information. Do you want me to take this matter up with the other silk mills?"

WHAT WAS THAT ANSWER?

A. There was a move on foot that our association members, either individually or as a group, should join the International Silk Guild, with an office in New York, and they have offices in other countries. At that time the Japanese Government was prepared to spend a considerable fund on advertising real silk, or the advantages of real silk, natural silk, and the Silk Guild in the United States was going to handle this fund, and we had asked that certain portions of this fund be expended in Canada with Canadian newspapers and magazines. We had taken it up with the External Trade Branch at Ottawa and they had taken it up with the Government representative of Japan.

BY THE COMMISSIONER: Q. At this time Mr. Watson was president of the silk association?

A. I think he was at that time.

BY MR. MONDER: Q. Chairman of the broad silk section? A. No, I think Mr. Mern was chairman at that time; he was very interested in this fund, as a matter of fact.

Q. No, it is the tariff committee?

A. The tariff committee.

BY MR. KELLOCK: Q. This is a fund of the Japanese Government? A. Yes, a fund that the Japanese Government was going to put up for advertising.

Q. Apparently, in any event, the first part of his letter refers to yours and then he goes on to make his own suggestion and you said you had never taken part at any time in the collection of funds for anybody? A. That is correct.

Q. Then, your lordship asked for a statement as to the United Kingdom imports and duties on silk hosiery?

THE COMMISSIONER: What is that you say I asked?

THE WITNESS: It was counsel.

MR. KELLOCK: Mr. McRuer, yes.

THE COMMISSIONER: What is it?

MR. KELLOCK: There are two statements here. You might describe that one to his lordship, Mr. Hallam? A. This is a statement - I understood Mr. McRuer wanted the dates of the changes in the duty rates on silk hosiery in Great Britain, and what they consisted of. The changes were these; in 1930 the ad valorem duty under the general tariff on full fashioned silk hosiery was 33 1/3%; If exported from Canada to the United Kingdom 22 2/9%. In December, 1931 the ad valorem duty under the general tariff was increased to 83 1/3% and was left against Canada at 22 2/9%. On the first of March, 1932, the ad valorem under the general was

BY MR. MULOCK: Q. This is a fund of the Japanese Government? A. Yes, a fund that the Japanese Government was going to put up for advertising.

Q. Apparently, in any event, the first part of his letter refers to yours and then he goes on to make his own suggestion and you said you had never taken part at any time in the collection of funds for anybody? A. That is correct.

Q. Then, Your Lordship asked for a statement as to the United Kingdom imports are duties on silk hosiery?

THE COMMISSIONER: What is that you say I read?

[illegible]: It was written.

Q. [illegible] Mr. [illegible]

THE COMMISSIONER: Well is it?

W. MULOCK: There are two statements here. You might describe that one to his Lordship, Mr. Mallory? A. This is a statement - I understand Mr. Kemper wanted the dates of the changes in the duty rates on silk hosiery in Great Britain, and what they consisted of. The changes were these; in 1920 the ad valorem duty under the general tariff on full fashioned silk hosiery was 33 1/3%; if exported from Canada to the United Kingdom 22 2/9%. In December, 1921 the ad valorem duty under the general tariff was increased to 33 1/3% and was left against Canada at 22 2/9%. In the item

reduced to 33 1/3 percent and was still against Canada at 22 2/9%. On the 11th of May, 1932, the ad valorem under the general tariff was put up to 43 1/3% and the duty rate against Canada was made 36 1/9%, but in addition to this the alternative duty, specific, was given which was 12 shillings per pound under the general and 10 shillings per pound on the Canadian duty. In other words, the Canadian duty - the duty on goods from Canada entering Great Britain was 36 1/9% or 10 shillings per pound, which ever was the greater. I made a note on this, "United Kingdom duties are assessed on the invoice price plus freight and insurance to British port, which is different from the Canadian method of assessing duty. The Canadian duty is assessed on the invoice price without freight or insurance.

Q. That does not mean to be put in, my lord; it has been read in.

BY THE COMMISSIONER: Q. The Canadian duty toward all goods; are you talking of the Canadian duty toward all goods whether they come from Great Britain or elsewhere? A. Whether they come from Great Britain or elsewhere, on all goods it is the invoice price that rules without freight or insurance.

Q. The invoice price; I suppose that is subject to Section 43? A. Sometimes, my lord.

SECRETARY WHITELEY: The fair market value.

reduced to 35 1/5 percent and was still against Canada at 22 1/2%. On the 11th of May, 1904, the ad valorem under the general tariff was put up to 45 1/4% and the duty rate against Canada was made 25 1/4%, but in addition to this the alternative duty, specific, was given which was 12 shillings per pound under the general and 10 shillings per pound on the Canadian duty. In other words, the Canadian duty - the duty on goods from Canada entering Great Britain was 45 1/4% or 10 shillings per pound, which ever was the greater. I make a note on this, "United Kingdom duties are assessed on the invoice price plus freight and insurance to British port, which is different from the Canadian method of assessing duty. The Canadian duty is assessed on the invoice price without freight or insurance.

Q. That does not seem to be put in, my Lord; it has been read in.

BY THE COMMISSIONER: Q. The Canadian duty toward all goods; are you talking of the Canadian duty toward all goods whether they come from Great Britain or elsewhere? A. Whether they come from Great Britain or elsewhere, on all goods it is the invoice price that rules without freight or insurance.

Q. The invoice price; I suppose that is subject to section 42? A. Somewhere, my Lord.

SECRETARY MILITARY: The fair market value.

THE WITNESS: All I am saying is there is a difference between the assessment in England - the ad valorem rate in England is assessed on the invoice price plus freight to the British port, plus insurance whereas - I am only bringing that to your attention, sir, as a matter of information.

BY THE COMMISSIONER: Q. Whereas what?

A. When Canada ships goods to Great Britain and there is an ad valorem duty against them in Great Britain the application of that ad valorem duty is on the invoice value, plus freight, plus insurance.

BY MR. McRUER: Q. The C.I.F. value?

A. The C.I.F. value, whereas on the reverse, the Canadian ad valorem duty is applied on the invoice value, f.o.b. the British mill or factory that produces it.

BY MR. KELLOCK: Q. In other words, freight and insurance are not taken into consideration in assessing the Canadian duty?

A. In other words 25% in England and 25% duty here is not assessed on the same basis. It was merely to give you that information, to make my story complete.

Q. Then, my friend asked for a statement of imports of real silk hosiery into Great Britain from various countries for the years 1932, 1933 and 1934. I am showing you a statement; would you deal with that? A. Yes; I understood Mr. McRuer wanted these and we obtained them.

THE WITNESS: All I am saying is there is a difference between the assessment in England - the ad valorem rate in England is assessed on the invoice price plus freight to the British port, plus insurance abroad - I am only bringing that to your attention, sir, as a matter of information.

BY THE COMMISSIONER: Q. Whereas what?

A. When Canada sells goods to great Britain and there is an ad valorem duty against them in Great Britain the application of that ad valorem duty is on the invoice value, plus freight, plus insurance.

BY MR. MOSER: Q. The C.I.F. value?

A. The C.I.F. value, whereas on the reverse, the Canadian ad valorem duty is applied on the invoice value, f.o.b. the British mill or factory that produces it.

BY Dr. MACKAY: Q. In other words, freight and insurance are not taken into consideration in assessing the Canadian duty?

A. In other words 25% in England and 27½ duty here is not assessed on the same basis. It was merely to give you that information, to make my story complete.

Q. Then, my friend asked for a statement of imports of [illegible] Dominion [illegible] Britain from various countries for the years 1922, 1923 and 1924. I am showing you a statement; what do you deal with that? A. Yes; I understood Mr. Moser wanted these and we obtained them.

THE COMMISSIONER: Did you put that last statement in?

MR. KELLOCK: It was read in, my lord; I can also file it.

MR. McRUER: Put it in.

THE COMMISSIONER: Exhibit 650.

EXHIBIT 650: Silk Hosiery - United Kingdom Duties.

THE COMMISSIONER: It is a statement re duties.

MR. KELLOCK: United Kingdom Duties on silk hosiery, my lord.

THE COMMISSIONER: What is this one?

THE WITNESS: This I understood Mr. McRuer wanted--

BY MR. KELLOCK: Q. Just read what it is? A. It is imports of real silk hosiery into Great Britain by countries for the year 1932, 1933 and 1934.

Q. Exhibit 651, my lord.

THE COMMISSIONER: Exhibit 651.

EXHIBIT 651: Imports of Real Silk Hosiery into Gr. Br. by countries for years 1932, 1933 and 1934.

BY MR. KELLOCK: Q. Deal with that, Mr. Hallam? A. These are derived from the annual books that are issued by the British Government of their imports and exports. It is a rather long statement, my lord, and if we could put it in I would like to draw your attention to one point here. In 1932 the total imports into Great Britain from all countries were 73,346 dozen pair, and Canada itself that year was able to sell

THE COMMISSIONER: Did you put that last statement in?

MR. KELLOCK: It was read in, my lord; I can give it.

MR. MONDOU: Put it in.

THE COMMISSIONER: Marked exh.

EXHIBIT 690: Silk Industry - United Kingdom Duties.

MR. C. MACDONALD: It is a statement re duties.

MR. KELLOCK: United Kingdom Duties on silk industry, my lord.

THE COMMISSIONER: What is this now?

THE WITNESS: This I understood Mr. Mosser wanted--

BY MR. KELLOCK: Q. Just read what it is?

A. It is imports of raw silk industry into Great Britain by countries for the year 1930, 1929 and 1928.

Q. Exhibit 691, my lord.

THE COMMISSIONER: Marked 691.

EXHIBIT 691: Imports of raw Silk Industry into Gr. Br. by countries, years 1930, 1929 and 1928.

MR. K. KELLOCK: Q. Now what does, Mr. Williams? A. These are derived from the annual books that are issued by the British Government of their imports and exports. It is a rather long statement, my lord, and if we could put it in I would like to draw your attention to one point here. In 1928 the total imports into Great Britain from all countries were 73,324 dozen

24,876. In 1933 the total import market in Great Britain was 64,746 dozen pairs and Canada was able to get 24,027. In 1934 the total import market into Great Britain was 77,049 dozen pairs and Canada got 28,539 dozen.

Q. Exhibit 651; then I think it was your lordship that asked for a statement as to the existing tariffs on hosiery throughout the Empire.

THE COMMISSIONER: Did you say existing tariffs?

MR. KELLOCK: Existing tariffs imposed by the various portions of the Empire.

THE COMMISSIONER: I did not ask for that.

MR. KELLOCK: Then again I am wrong; it must have been my friend.

THE COMMISSIONER: However, put it in.

MR. KeLLOCK: I am filing, my lord, as Exhibit 652 a circular dated 4th of May, 1933.

EXHIBIT 652: Circular dated 4th of May, 1933 as to tariffs on hosiery throughout the Empire, not including Canada.

THE COMMISSIONER: A circular?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: By whom?

BY MR. KELLOCK: By the witness.

THE COMMISSIONER: What is the date of it?

MR. KELLOCK: The 4th of May, 1933; it includes a memorandum as to the tariff on hosiery throughout the Empire with the exception of Canada. Then, Mr. Hallam, have you prepared a statement of Canadian imports from Japan of cotton piece goods compared as to months from-- A. I had it prepared, yes.

24,970. In 1928 the total import market in Great Britain was 64,746 dozen pairs and Canada was able to get 24,027. In 1924 the total import market into Great Britain was 77,049 dozen pairs and Canada got 88,089 dozen.

Q. Exhibit 681; then I think it was your Lordship that asked for a statement as to the existing tariffs on hosiery throughout the Empire.

THE COMMISSIONER: Did you say existing tariffs?

MR. FILLOOK: Existing tariffs imposed by the various portions of the Empire.

THE COMMISSIONER: I did not ask for that.

MR. FILLOOK: Then again I am wrong; it must have been my friend.

THE COMMISSIONER: However, put it in.

MR. FILLOOK: I am filing, my lord, as Exhibit 682 a circular dated 4th of May, 1928.

EXHIBIT 682: Circular dated 4th of May, 1928 re tariffs on hosiery throughout the Empire, not including Canada

THE COMMISSIONER: A circular?

MR. FILLOOK: Yes, my lord.

THE COMMISSIONER: By whom?

MR. FILLOOK: By the witness.

THE COMMISSIONER: What is the date of it?

MR. FILLOOK: The 4th of May, 1928; it includes a memorandum as to the tariff on hosiery throughout the Empire with the exception of Canada. Then, Mr. Hallam, have you prepared a statement of Canadian imports from Japan of cotton piece goods compared as

THE COMMISSIONER: A statement of imporations from Japan.

MR. KELLOCK: From Japan of cotton piece goods my lord, by months; 1935 and 1936; Exhibit 653, my lord?

THE COMMISSIONER: Yes.

EXHIBIT 653: Canadian imports from Japan of cotton piece goods, 1935, 1936.

BY MR. KELLOCK: Q. Would you just deal with the totals there, Mr. Hallam, or deal with that and show what the situation is.

THE COMMISSIONER: 1935 and 1936, did you say?

MR. KELLOCK: Yes, my lord, by months.

THE WITNESS: It runs from January to December, my lord, in 1935 and up to and including August, 1936. Do you just want the totals?

Q. Just the totals, I think?

A. Well, grey fabrics from Japan in 1935, grey cotton fabrics amounted to, in the first 8 months, amounted to 117 pounds; in 1936 it amounted to 541 pounds. Bleached cotton fabrics in the 8 months in 1935 amounted to 4,729 pounds; in 1936 increased to 9,198 pounds. Printed in the first 8 months of 1935 amounted to 1,783 pounds and in the same 8 months in 1936 increased to 11,984 pounds, or roughly ten times as much. In the same period in 1935 piece-dyed cotton fabrics amounted to 19,566 pounds and in 1936 it increased to 36,308 pounds. Yarn-dyed fabrics in the first 8 months of 1935, the imports from Japan were 1,316 pounds and it

THE COMMISSIONER: A statement of importations from Japan.

MR. HALLOCK: From Japan of cotton piece goods my lord, by months; 1936 and 1937; Exhibit 666, my lord?

THE COMMISSIONER: Yes.

EXHIBIT 666: Canadian imports from Japan of cotton piece goods, 1936, 1937.

BY MR. HALLOCK: . Would you just read with the totals there, Mr. Hallam, or read with that and show what the situation is.

THE COMMISSIONER: 1936 and 1937, did you say?

MR. HALLOCK: Yes, my lord, by months.

THE WITNESS: It runs from January to December, my lord, in 1936 and up to and including August, 1937.

Q. Just read the totals, I think?

A. Well, grey fabrics from Japan in 1936, grey cotton fabrics amounted to, in the first 8 months, amounted to 117 pounds; in 1937 it amounted to 541 pounds. Bleached cotton fabrics in the 8 months in 1936 amounted to 4,700 pounds; in 1937 increased to 9,198 pounds. Printed in the first 8 months of 1936 amounted to 1,848 pounds and in the same 8 months in 1937 increased to 11,944 pounds, or roughly [illegible]. In the same period in 1936 [illegible] pounds and in 1937 it increased to 36,034 pounds. Yarn-dyed fabrics in the first 8 months of 1936, the imports from Japan were 1,316 pounds and it

increased in 1936, the same period, to 3,932 pounds. Cut pile fabrics made from cotton had increased from 2,833 pounds in 1935 to 28,781 pounds in 1936. This brings the figures up to date, my lord, on importations.

Q. Then, have you the same information with regard to silk, natural silk?

A. Yes.

Q. Exhibit 654, my lord?

THE COMMISSIONER: Yes, 654.

EXHIBIT 654: Canadian imports from Japan of natural silk, 1935 and 1936.

BY MR. KELLOCK: Q. Just deal with the totals there? A. Yes; the figures throughout are for the first 8 months of the year 1935 and 1936 so we won't have to repeat that. In 1935 fabrics in the greige from Japan, 41,124 yards; in 1936, 83,659 yards. Finished fabrics in yards under tariff item 560-A were 100,808 yards in 1935 and in 1936 107,413. Finished fabrics under 560-B were 55,268 in 1935 and in 1936 59,714. In 1935 fabrics under 564, and this is in dollars, apparently, these are tie fabrics, amounts to $17,036 in 1935 and in 1936 $31,359. Under tariff item 567, clothing, in ounces, was 34,774 in 1935 and in 1936 54,091. Articles manufactured from silk in ounces under tariff item 567 were 12,466 in 1935 and 11,652 in 1936.

SECRETARY WHITELEY: Dollars?

THE WITNESS: No, those are ounces. Why is it in ounces, Mr. Berry?

MR. BERRY: I could not say.

liner was in 1936, the same period, to 8,352 pounds. Cut pile fabrics made from cotton had increased from 2,999 pounds in 1935 to 28,781 pounds in 1936. While bringing the figures up to date, my lord, on importation

Q. Then, have you the same information with regard to silk, natural silk?

A. Yes.

[illegible]

THE COMMISSIONER: Yes, sir.

EXHIBIT 664: Canadian imports from Japan of natural silk, June and 1936.

BY MR. KELLOCK: Q. Just deal with the figures there?

A. Yes; the figures throughout are for the first 6 months of the year 1935 and 1936 so we won't have to repeat that. In 1935 fabrics in the grelge from Japan, 41,154 pounds; in 1936, 44,000 pounds.

[illegible]

Item 560-A were 100,808 pounds in 1935 and in 1936 107,412. Finished fabrics under 560-B were 55,466 in 1935 and in 1936 59,714. In 1935 fabrics under 564, and this is in dollars, approximately, these are the figures, amounts to $17,000 in 1935 and in 1936 $21,304. Under tariff item 567, clothing, in ounces, was 24,777 in 1935 and in 1936 24,091. Articles manufactured from silk in ounces under tariff item 567 were 12,405 in 1935 and 11,662 in 1936.

[illegible]

THE WITNESS: No, there are ounces. Why is it in ounces, Mr. Berry?

THE WITNESS: Those are in ounces in the trade returns.

MR. McRUER: Clothing measured by ounces is getting down pretty fine.

THE WITNESS: I was surprised at those figures myself. I hadn't read them before.

BY MR. KELLOCK: Q. Where did you get these figures in each case? A. I asked that these be prepared from the Dominion Bureau of Statistics.

BY THE COMMISSIONER: Q. By whom?
A. The Dominion Bureau of Statistics.

BY MR. KELLOCK: Q. Then, have you the same information in regard to artificial silk?
A. Yes, we have prepared - my lord, we have prepared a table on artificial silk.

Q. Exhibit--

THE COMMISSIONER: 655.

EXHIBIT: 655: Canadian imports from Japan of artificial silk, 1935, 1936.

THE WITNESS: I think the cotton one, my lord, if worked out into yardage would show in many cases a very substantial increase. The real silk one, there is not a great deal to be said one way or another. The figures are pretty level, but I think that this artificial silk one is showing a trend that is fairly serious. Artificial silk yarn in pounds from Japan under 558-B in the first 8 months of 1935 was 1,400 pounds; in the same period in 1936 it was 11,580 pounds. The next one is threads and cords, which shows a very substantial reduction from 12,768 in 1935

THE CHAIRMAN: These are in ounces in the trade returns.

Mr. Bain: Clothing measured by ounces is getting down very fine.

THE WITNESS: I was surprised at these figures myself. I hadn't read them before.

BY Mr. McLOCKE: Where did you get these figures in each case? .. I asked that these be prepared from the Dominion Bureau of Statistics.

BY THE CHAIRMAN: Q. By chance

A. The Dominion Bureau of Statistics.

BY Mr. Bain: Q. Then, have you the same information in regard to artificial silk?

A. Yes, we have prepared - by Jan, we have prepared a table on artificial silk.

Q. Yes--

THE CHAIRMAN: Ebb.

MR. Ebb: Dominion imports from Jan on of artificial silk, June, 1926.

THE WITNESS: I think the cotton one, my lord, it worked out into yardage would show in many cases a very substantial increase. The real silk one, there is not a great deal to be said one way or another. The figures are pretty level, but I think that in artificial silk one is showing a trend that is rather serious. Artificial silk yarn in pounds from January 1926-5 in the first 8 months of 1926 was 1,400 pounds; in the same period in 1925 it was 11,880 pounds. The price has in Canada not kept pace with some of very valuable commodities. In 1926 it was

to 1,610 in 1936. I think, my lord, that those two tariff items during that period, in 1935 and 1936, had the same duty. So that very often the yarns that should come in under 558-B were invoiced under 558-D. We have had trouble continually throughout.

BY THE COMMISSIONER: Q. You mean yarns and the other were mixed up? A. Were mixed up, and frankly, I don't understand those figures.

Q. If you add them altogether would you get about the right result? A. It looks about the right result added together.

Q. Then, you would have about 13,000? A. 14,000, my lord, in the first figure and about 12,000 in the other. Frankly, I don't quite know what the bearing is. We have had great difficulty with that tariff item, even before the Tariff Board we had to make investigations to find out - go back to investigate to find out what the facts were as between these two items.

(Page 8720 follows)

Q. Going to Iran. I think, my Lord, that these two tariff items during that period, in 1960 and 1966, had the same duty. Q. That very often the terms Iran already have in other subs. were invoices under sub-D. We have had trouble continually throughout.

BY THE COMMISSIONER: Q. You mean Jerms and Jetter were mixed up?

A. More mixed up, and Frankly, I don't unexstand those figures.

Q. If I'm sad them alltogether maybe I'm sad about the right result? A. It looks about the right result added together.

Q. Then, I'm would have about 12,000 to 14,000, in one, in the other plus 12,000 in the other. Frankly, I don't quite know what the dealing is. We have had never situation with that tariff item, even before the Tariff Board we had to make investigations to find out - go back to investigate to find out what the facts were and between these two items.

(Page 8720 follows)

Q. It will be a small decrease ? A. Yes, a small decrease, net decrease on the two items.

MR. KELLOCK: Q. Then you come to fabrics? A. Fabrics, under 561, in pounds, in 1935, for the first eight months 32,436 pounds, and in 1936, this increased to 213,647 pounds.

THE COMMISSIONER: Q. Tell me what are these fabrics? A. These are artificial silk fabrics.

Q. What did the fabrics consist of? A. I could not tell you, my lord.

MR. McRUER: Include all that kind of fabrics of the class and kind not made in Canada.

MR. KELLOCK: That is your contention but it is not the evidence? A. As far as any ruling known to me none of the fabrics entered in 561 are of the kind of fabrics of the class and kind not made in Canada. If there was a ruling on it I think I would have it.

Q. Then the next is ribbons? A. I think you are referring to some silk stripes made of natural silk, Mr. McRuer. In regard to that fabrics, if I might just elaborate on that, my lord. I made a graph of the trend of this, my lord, by months and the trend was reasonably close, the diagram was reasonably close, because in the month of August my diagram worked out to 203,000 pounds whereas the actual figure was 213,647. So that if anything my trend is slightly less. This trend would show

Q. Will be a small decrease? A. Yes, a small decrease, not decrease on the two items.

MR. KNILOCK: Q. Then you come to fabrics? A. Fabrics, under 561, in pounds, in 1955, for the first eight months 32,455 pounds, and in 1956, this increased to 216,847 pounds.

THE COURT REPORTER: Q. Tell me what are these fabrics? A. These are artificial silk fabrics.

Q. What did the fabrics consist of? A. I could not tell you, my lord.

THE MASTER: Include all that kind of fabrics of the class and kind not made in Canada.

MR. KNILOCK: That is your contention but it is not the evidence? A. As far as any ruling known to me none of the fabrics entered in 561 are of the kind of fabrics of the class and kind not made in Canada. If there was a ruling on it I think I would have it.

Q. Then the next is ribbons? A. I think you are referring to some silk articles made of natural silk, Mr. Counsel. In regard to that fabrics, if I might just elaborate on that, my lord. I made a diagram of the trend of this, my lord, by month and the trend was reasonably close, the diagram was reasonably close, because in the month of August my diagram worked out to 205,000 pounds whereas the actual figure was 215,647. So that if anything my trend is slightly less. This trend would show

that by the end of the year, if this trend is continued, the imports would amount for the whole year to 422,000 pounds, which would be approximately 3,000,000 yards. It is quite common to make those trends and we find them a fairly good indication of what has happened. I have made them before. The other point on this fabrics is that in the eight months the increase was as follows. The eight months in 1936, between January 1936 and February 1936, the increase, was 100 per cent. Between February and March, 1936, the increase was 350 per cent. Between March and April it dropped 47 per cent. Between April and May it increased 210 per cent. Between May and June ---

THE COMMISSIONER: Between April and May, that is 150 per cent.

THE WITNESS: I am sorry, my lord, I have given just approximate figures, 110 per cent. Between May and June it dropped 12 per cent. Between June and July it went up 10 per cent. and between July and August it went up 50 per cent. The eight months' increase over 1935 was 660 per cent. It is the trends.

MR. McRUER: Q. That is when the surtax was on, 1935? A. Yes, the surtax was on in 1935.

MR. KELLOCK: Q. The surtax was put on I think 22nd of July, 1935. A. There was no surtax in these 1935 figures - I am sorry, I have just got a note of it, they run from January to August.

that by the end of the year, if this trend is continue
the imports would amount for the whole year to 488,000
pounds, which would be approximately 8,000,000 yards.
It is quite possible that that would not be that
than a fairly good indication of what has happened.
I have made them before. The other point on this
fabrics is that in the eight months the increase was
as follows. The eight months in 1936, between January
1936 and February 1936, the increase, was 100 per cent
Between February and March, 1936, the increase was
350 per cent. Between March and April it dropped 47
per cent. Between April and May it increased 810 per
cent. Between May and June ---

MR. COMMISSIONER: Between April and May,
that is 100 per cent.

THE WITNESS: I am sorry, my lord, I have given
the percentages wrong, 810 per cent. Between
May and June it dropped 12 per cent. Between June
and July it went up 10 per cent, and between July
and August it went up 30 per cent. The eight months'
increase over 1935 was 650 per cent. It is the
trends.

MR. McGUIGAN: Q. That is when the surtax was on
1935? A. Yes, the surtax was on in 1934.

MR. ALLDOCK: Q. The surtax was put on I think
end of July, 1935. A. There was no surtax
in these 1935 figures - I am sorry, I have just got

The Canadian surtax was not in that period excepting part of August.

MR. McRUER: Well, the tariff was prohibitive anyway.

MR. KELLOCK: Let us argue that later. Let us get the facts.

THE WITNESS: The trend is the important thing. The imports are carrying out the natural trend we have seen and followed any other imports that are increasing. In ribbons, my lord, in the first eight months of 1935 the total was $70 from Japan. In 1936 the total was $3,013. Clothing, given in ouces, amounted under 567a, to $6,797 in 1935 and to $52,366 in 1936. Articles, in ounces, of artificial silk was $4,592 in 1935, and $10,278 in 1936.

MR. KELLOCK: My lord, I have got some more up-to-date information on this question on mule and ring spindles in the United Kingdom. I am instructed that this comes from the International Federation of Master Cotton Spinners and Manufacturers Association. It is a booklet issued in September of this year and these figures are telephoned from Montreal to-day. If I put them in it would bring what we were dealing with this morning up to date.

THE COMMISSIONER: Did you put something in this morning as an exhibit?

MR. McRUER: It went in as a letter.

MR. McKELLOCK: It went in as part of that same

The Canadian market was not in that period excepting part of August.

MR. MONDER: Well, the tariff was prohibitive anyway.

MR. KELLOCK: Let us argue that later. Let us get the facts.

THE WITNESS: The trend is the important thing. The imports are carrying out the natural trend we have seen and followed any other imports that are interesting. In ribbons, my lord, in the first eight months of 1935 the total was $70 from Japan. In 1936 the total was $8,012. Clothing, given in ounces, amounted under 5274, to $6,797 in 1935 and to $22,366 in 1936. Articles, in ounces, of artificial silk was $4,342 in 1935, and $10,288 in 1936.

MR. KELLOCK: My lord, I have got some more up-to-date information on this question on sails and ring spinnies in the United Kingdom. I am instructed that this comes from the International Federation of Master Cotton Spinners and Manufacturers Association. It is a booklet issued in September of this year and these figures are telephoned from Montreal to-day. If I put them in it would bring what we were dealing with this morning up to date.

THE COMMISSIONER: Did you put something in the

Exhibit as the Tariff Board evidence, my lord.

MR. McRUER: Made part of a previous exhibit.

MR. KELLOCK: Mr. Whitehead's letter.

MR. McRUER: It was added to Exhibit 623.

MR. KELLOCK: Might be part of the same exhibit. Says the total number of spindles in Great Britain for the half year ending July 31st, 1936, was 41,391,000 and for the half year ending January 31, 1936, 42,307,000, and subdivided into mule and ring spindles for the half year ending July 31st, 1936, mule 30,387,000 and for the half year ending July 31st, 1936 for ring, 11,400,000. For the half year ending January 31st, 1936, Mule, 31,262,000 and for the half year ending January 31st, 1936, ring, 11,045,000.

Q. Have you anything to add, Mr. Hallam?

A. Oh, I don't think so.

MR. KELLOCK: That is all, thank you.

RE-EXAMINED BY MR. McRUER.

Q. So that the net result on this Japanese importations appears to be an increase in the fabrics - the rest of them does not amount to much?

A. I think you will find in addition to that that some of the cotton fabrics are showing quite substantial increases.

Q. Oh, substantial increase. Last year it was cut off altogether, under these other tariff

exhibit as the Tariff Board evidence, my lord.

MR. MACDER: Same part of a previous exhibit.

MR. KELLOCK: Mr. Whitehead's letter.

MR. MACDER: It had already been.

MR. KELLOCK: Might be part of the same exhibit says the total number of spindles in Great Britain for the half year ending July 31st, 1926, was 41,321,000 and for the half year ending January 31, 1926, 44,307,000, and subdivided into mule and ring spindles for the half year ending July 31st, 1926, mule 30,387,000 and for the half year ending July 31st, 1926 for ring, 11,400,000. For the half year ending January 31st, 1926, mule, 31,366,000 and for the half year ending January 31st, 1926, ring, 11,940,000.

Q. Have you anything to add, Mr. Hellam?

A. Oh, I don't think so.

MR. KELLOCK: Does it all, thank you.

Cross-examined by Mr. Macder:

Q. So that the net result on this Japanese importations appears to be an increase in the imports the most of them does not amount to much?

A. I think you will find in addition to that that there is the entire Japanese spending power

monsoonial increases.

Q. Monsoonial Japanese. Lady Tai

items the importations from Japan was practically negligible? A. Yes.

THE COMMISSIONER: You are referring to articles of artificial silk?

MR. McRUER: Yes.

Q. The tariff without a surtax prohibited them from coming in? A. You had the full currency dumping duty.

Q. When you had that they did not come in. When you talk of increase of 600 per cent. that does not mean anything. For instance, we have one item of $70 and increased to $3,013. You can call that an increase of 400 per cent. or 4,000 per cent. but still it does not mean much. $3,000 in ribbons is not going to do much damage to the Canadian trade, if it is going to improve our relations with Japan, is it? A. Even if the percentage of increase diminishes as time goes on, you have in the end a very heavy total.

Q. I want to see how far you will blow up bubbles. We have an increase under Ribbons from $70 to $3,000. If you figure that in percentage it means a lot but if you figure it in total of $3,000 it means practically nothing, does it? A. Oh, yes, the percentage.

BY THE COMMISSIONER: Q. In order for the situation to be completed do you not also need to know whether or not there was expansion in the Canadian

negligible? A. Yes.

THE COMMISSIONER: You are referring to articles of artificial silk?

MR. MONDER: Yes.

Q. The tariff without a surtax prohibited them from coming in? A. You had the full currency dumping duty.

Q. When you had that they did not come in. When you talk of increase of 300 per cent, that does not mean anything. For instance, we have one item of $70 and increased to $3,015. You can call that an increase of 4300 per cent. or 4,300 per cent. but still it does not mean much. $4,000 in ribbons is not going to do much damage to the Canadian trade, if it is going to improve our relations with Japan, is it? A. Even if the percentage of increase diminishes as time goes on, you have in the end a very heavy total.

Q. I want to see how far you will blow up bubbles. We have an increase under Ribbons from $70 to $4,000. If you figure that in percentage it seems a lot but if you figure it in total of $3,000 it seems practically nothing, does it?

A. Oh, yes, the percentage.

MR THE COMMISSIONER: Q. In order for the

market as a whole? A. We can get those figures, my lord.

MR. McRUER: There has been expanse in the Canadian market. 32,000 pounds might be a certain percentage of one market; 32,000 pounds another percentage in another market.

THE WITNESS: That is perfectly correct.

Q. And besides that the whole increase in the fabrics amount to 81,211 pounds? A. 283,000, is not it?

Q. No, no, 213,000? A. 213,000 pounds.

Q. That is the amount, that is the total but the increase amounts to 181,211 pounds? A. That is right.

Q. That is the increase over the importations when there was an almost prohibitive duty on? A. That is correct.

Q. Only specialities of one kind and another could get over the barrier. So that when we get down that the sum total of the thing that has created so much fuss in this whole industry is importations over all these months of 181,211 pounds of fabrics. In the rest the increase is negligible.

MR. KELLOCK: Cottons---

MR. McRUER: No, in regard to official silk. We have evidence from the Cotton Industry that they did not consider the increase.

market as a whole? A. We can put those figures, my Lord.

MR. McGUIRE: There has been expense in the Canadian market. 24,000 pounds might be a certain percentage of one market; 34,000 pounds another percentage in another market.

Q. And believe that the whole increase in the traffic amount to 21,211 pounds? A. 200,000, is not it?

Q. That is the amount, that is the total but the increase amounts to 121,211 pounds? A. That is right.

Q. That is the increase over the importations when there was an almost prohibitive duty on?

A. That is correct.

Q. Only possibilities of one kind and another could get over the barrier. So that when we get down that the sum total of the thing that has crossed so much free in this whole industry is improvised as over all these months of 1,211 pounds of fabrics. In the past the increase is negligible.

MR. LAMOUR: Cottons---

MR. McGUIRE: No, in regard to artificial silk. We have evidence from the cotton industry that they

THE WITNESS: That increase you give is about 1,300,000 yards in eight months.

Q. And 1,300,000 yards of artificial silk on the Canadian market, with the increased consumption of Canada over last year, is a mere bagatelle in the whole business.

THE COMMISSIONER: Well, is it?

THE WITNESS: I would not say that those figures are a bagatelle.

MR. McRUER: Q. You mean your contention is that this industry cannot stand that bit of mild competition on a low priced article from Japan because it is practically of a very low priced sort---

MR. KELLOCK: You don't know that?

THE WITNESS: Are you making statements?

MR. McRUER: Q. You know it is a fact? A. I don't know that it is.

Q. Well, the evidence we have here is that it is so far - that is all this low-priced taffeta, and Mr. Hooper gave the evidence? A. Yes, that is up to about three months ago.

Q. And we had no evidence that there is any change? A. No, and you have no evidence that there is not any change.

Q. We are dealing on evidence we have got.

MR. KELLOCK: You are making statement based on eight months when you have only evidence up to May.

MR. McRUER: All right. Have you any evidence

THE CHAIRMAN: That increase you give is about 3,000,000 yards in eight months.

Q. And 1,600,000 yards of artificial silk on the Canadian market, with the increased consumption of cotton over last year, is a mere bagatelle in the whole business.

THE COMMISSIONER: Well, is it?

MR. CHAIRMAN: I would not say that those figures are a bagatelle.

Q. [illegible] for your consumption in what this industry wanted a and that bit of silk competition on a low priced article from Japan because it is practically of a very low priced sort---

MR. HALLAM: You don't know that?

THE CHAIRMAN: Are you making statements?

MR. MONTGOMERY: Q. You know it is a fact?

A. I don't know that it is.

Q. Well, the evidence we have here is that it is so far - that is all this low-priced textiles, and Mr. Hoover gave the evidence? A. Yes, that is up to about three months ago.

Q. And we had no evidence that there is any change? A. No, and you have no evidence that there is not any change.

Q. We are dealing on evidence we have got.

MR. HALLAM: You are making statements based on eight months when you have only evidence up to May.

that there is anything now coming on the market except low-priced taffeta. It does not amount to anything in the whole textile industry of Canada with your $65,000,000 worth annually, is it, in your turn-over? A. I have forgotten what the turn-over figure is.

Q. Well, the point you make is, your contention anyway is, that whether it is large or little, you are asking that it be cut down from what it is now? A. Yes, that is correct.

Q. You want this competition which amounts to in all about 422,000 pounds ---

MR. KELLOCK: To-day?

MR. McRUER: No, 422,000 for a year - you want that eliminated from the Canadian market -- that is your contention? A. I think it should be cut down.

Q. Irrespective of what international relations might be with Japan in respect to our exports? A. I would not say that.

Q. Well, the Government has to consider that ? A. Yes, that is a question of high policy for the Government to consider. What I consider and what the Government consider is two separate things.

Q. This would not amount to more than - probably worth 30 cents a pound? A. I think that is the trouble.

Q. I say that is what it is worth? A. That

that there is anything now coming on the market
over a low-priced tariff. It does not amount to
anything in the whole textile industry or amount
with your 300,000,000 worth annually, is it, in your
turn-over? A. I have forgotten what the
turn-over figure is.

Q. Well, the point you make is, your consumption
anyway is, that whether it is large or little, you
are asking that it be cut down from what it is now?
A. Yes, that is correct.

Q. You want this competition which amounts to
in all about $3,000 pounds ---

Mr. F. Allen: To-day?

Mr. Meighen: No, $24,000 for a year - you want
that eliminated from the Canadian market -- that is
your contention? A. I think it should be
put down.

Q. Irrespective of what international relations
might be with Japan in respect to our exports?
A. I would not say that.

Q. Well, the consumers are to consider that?
A. Yes, that is a question of high policy for the
Government to consider. What I consider and
what the Government consider is two separate things.
Q. This would not amount to more than - probably
worth 30 cents a pound? A. I think that is
the trouble.

is ---

THE COMMISSIONER: Don't argue.

THE WITNESS: I have not worked it out - about that.

MR. McRUER: Q. How much a pound would it be worth? A. I have a notation, worth about 30 cents a pound.

Q. So that the whole row is over about $150 or $160 worth of an importation from Japan annually?

MR. KELLOCK: Yes, but we are afraid what it is going to be.

MR. McRUER: We will argue that point later on. The statement made as to closing mills on account of it.

THE COMMISSIONER: I would like to have figures sometime showing progress or regress of the Canadian market during---

MR. McRUER: I have an elaborate thing I am going to put in on that.

MR. KELLOCK: I have something right here that his lordship might be interested in. It is a report on the Silk Industry in Canada, 1934, Department of Trade and Commerce.

THE COMMISSIONER: That is too old.

MR. KELLOCK: This is the last one.

THE COMMISSIONER: I am shown here a very large increase in the quantities of fabrics as between eight months in 1935 and 1936. Those figures would be much more useful if I knew whether or not

10 ---

[illegible] Dominion.

THE MINISTER: I have not worked it out - account that.

MR. MORDEN: Q. How much a pound would it be worth?

A. I have a notation, worth about 50 cents a pound.

Q. So that the whole row is over about $100 or $150 worth of an importation from Japan annually?

MR. KELLOCK: Yes, but we are afraid that it is going to be.

MR. MORDEN: We will argue that point later on. The statement made as to closing mills on account of it.

THE COMMISSIONER: I would like to have figures sometime showing progress or regress of the Canadian [illegible]

MR. MORDEN: I have an elaborate thing I am going to put in on that.

MR. KELLOCK: I have something right here that this Lordship might be interested in. It is a report on the silk industry in Canada, 1924, Department of Trade and Commerce.

Q. [illegible] that is the [illegible].

MR. KELLOCK: This is the last one.

THE COMMISSIONER: I am shown here a very large increase in the quantities of fabrics as between eight months in 1925 and 1923. These figures [illegible] I don't know whether or not

Canadian consumption had decreased or increased. It is a question of proportion of the market.

MR. KELLOCK: The only thing that is available is comparison of 1933 -1934.

THE COMMISSIONER: That is no good at all because we are judging the effect of certain tariff changes.

THE WITNESS: The only way you could get that is for me to send a questionnaire to the mills on it, which I am quite prepared to do.

MR. WHITELEY: Mr. Howson will have some information.

MR. McRUER: I think we will some information on the production.

Q. Now, in reference to the evidence you were giving in connection with what I might suggest your efforts to keep mills out of Canada, I have got one or two more matters that I want to take up with you, and you may take advantage of the evening in getting out the original correspondence on it.

MR. KELLOCK: Is this new?

THE COMMISSIONER: Arises out of cross-examination.

MR.McRUER: The first is a letter dated September 25th, 1928, from you to Mr. Watson of Grouts Limited, which reads as follows:

"I was very pleased to have your letter of September 24th, re publicity for the Silk Industry through the Women's Institutes. The points you

Canadian consumption had decreased or increased.

It is a question of proportion of the market.

MR. MILLOCK: The only thing that is available is a comparison of 1923 -1924.

THE COMMISSIONER: That is no good at all because we are judging the effect of certain tariff changes.

THE WITNESS: The only way you could get that is for me to read a questionnaire to the mills on it, which I am quite prepared to do.

MR. MONTEITH: I think we will have information on the production.

Q. Now, in reference to the evidence you were giving in connection with what I might suggest your efforts to keep mills out of Canada, I have got one here before me that I want to take up with you, and you may take advantage of the evening in getting at the original correspondence on it.

MR. MILLOCK: Is this new?

THE COMMISSIONER: Unless out of order.

MR.MONTEITH: The first is a letter dated September 4th, 1928, from you to Mr. Watson of Groves Limited, which reads as follows:

"I was very pleased to have your letter of

made are carefully noted and I believe that the work can be done without supplying useful information to foreign firms who may desire to locate in Canada. Of course firms who desire to survey the field obtain information through banks, board os trade, etc., and we are continually getting enquiries regarding the particulars of the woollen and knitting industry in Canada from all sorts of sources which have to be most carefully answered.

I thought that possibly the enquiry of Katakura and Co. was one of this nature and therefore answered it in the way I did. If they had got hold of the census of industry report they might have concluded that the field here was not occupied. On the other hand they might just want to sell raw silk to the trade here and were surveying the country with this end in view.

I will of course submit any copy, before issuing it, to the Executive of the Silk Association, and if they consider it necessary, submit it to a committee. I am preparing a list of samples which will be required and will write later asking for them."

Now, that letter rather suggests, Mr. Hallam, that you were taking care in any statement that you gave out to see that the information would not lead other industries to come to Canada.

made are certainly novel and I believe that the
-ors can be done without supplying useful infor-
mation to foreign firms who may desire to
locate in Canada. Of course firms who desire
to survey the field obtain information through
banks, board of trades, etc., and we are
continually getting enquiries regarding the
particulars of the woolen and knitting industry
in Canada from all sorts of sources which have
to be most carefully answered.

I thought that considering the enquiry of
Ketchum and Co. was one of this nature
and therefore answered it in the way I did. If
they had got hold of the census of industry
report they might have concluded that the field
here was not occupied. On the other hand they
might just sent to some one else to the trade here
and were surveying the country with this end in view.

I will of course submit any copy, before
sending it, to the Executive of the Mill Associat
and if they consider it necessary, submit
it to a committee. I am preparing a list of
articles which will be required and will write let
[illegible]

Now, that letter rather suggests, Mr. Hallam, that
you were making some in any statement that you gave
out to see that the information would not lead other

MR. KELLOCK: My lord, that is a very objectionable construction my friend put on that letter.

THE COMMISSIONER: I suppose in the long run I will have to do the construing of it. It is a conclusion he has drawn.

MR. KELLOCK: And my submission is thatit is just as logical to put construction on that letter that the witness was not sending out any information unless it was carefully checked and accurate.

THE COMMISSIONER: I am not saying one thing or the other. I suppose Mr.McRuer wants to give Mr. Hallam an opportunity of explaining the letter.

MR. McRUER: I should have liked Mr. Hallam to have had an opportunity to answer the question before my friend suggested the answer he ought to give.

MR. KELLOCK: Of course, that is very unfair. What I am suggesting is that my friend cannot make statement to the witness, he can ask questions.

THE COMMISSIONER: You know yourself that a question is always put in the form of a statement, especially in this kind of examination, Put your question again any way you like.

MR. McRUER: Q. My suggestion to you is that the suggestion from this letter is that you were being very careful as to any figures or information you gave out should not lead other mills to come to Canada? A. Well, apparently what I was doing

MR. KELLOCK: My Lord, that is a very objection construction my friend put on that letter.

THE COMMISSIONER: I say one in the long run I will have to do the construing of it. It is a conclusion he has drawn.

MR. KELLOCK: And my submission is that it is just as logical to put construction on that letter the witness was not reading out any information unless it was carefully checked and accurate.

THE COMMISSIONER: I am not saying one thing or the other. I suppose Mr.Mosher wants to give Mr. Hallam an opportunity of explaining the letter.

MR. MOSHER: I should have liked Mr. Hallam to have had an opportunity to answer the question before my friend suggested the answer he wants to give.

MR. KELLOCK: Of course, that is very certain, what I am suggesting is that my friend cannot make statement to the witness, he can ask questions.

THE COMMISSIONER: You know yourself that a [illegible] is always put in the form of a statement, especially in this kind of examination, but your [illegible]tion again any way you like.

MR. MOSHER: Q. My suggestion to you is that the [illegible]stion from this letter is that you were being very careful as to any figures or information you gave out should not lead other mills to come to

at this time - it is away back and I notice the heading is "File: Women's Institute", was preparing material for the Women's Institute.

Q.I know but I am talking about what the letter says.

THE COMMISSIONER: That is not answer. Do you agree that that is the suggestion or not?

THE WITNESS: Yes, as far as I was concerned I was very careful to supply information to foreign firms desirous of locating in Canada. I continue, of course: "Of course firms who desire to survey the field obtain information through banks, boards of trade, etc."

THE COMMISSIONER: You cannot help that.

EXHIBIT 656: Copy of letter dated 25th Sept. 1928, to Mr. P.R. Watson from Mr. Hallam.

MR. McRUER: I would like to get the original from your files, letter of September 24th, from Mr. Watson.

THE COMMISSIONER: There are two things, letter from Mr. Watson to Mr. Hallam, ---

MR. McRUER: There is letter to Mr. Watson referred to, but I rather think it probably refers to Women's Institute.

THE COMMISSIONER: To whom is this letter addressed?

MR. McRUER: To Mr. Watson, dated November 28th, 1928. It has referred to a letter to Katakura & Company, who are apparently people they could not

at this time - it is away back and I notice the head is "File: Women's Institute", was preparing material for the Women's Institute.

I know but I am talking about what the letter says.

THE COMMISSIONER: That is not answer. Do you agree that that is the suggestion or not?

MR. [illegible]: Yes, as far as I was concerned I was very careful to supply information to foreign firms desirous of locating in Canada. I continue, of course: "Of course firms who desire to survey the field [illegible] through [illegible] of trade, etc."

THE COMMISSIONER: You cannot help that.

[illegible]: Copy of letter dated [illegible] 1928, to Mr. P.G. Watson from Mr. Mullen.

MR. MORGAN: I would like to get the original from your files, letter of September 24th, from Mr. Watson.

THE COMMISSIONER: There are two things, letter from [illegible] to Mr. Mullen, —

MR. MORGAN: There is letter to Mr. Watson referred to, but I rather think it probably refers to Women's Institute.

THE COMMISSIONER: To whom is this letter addressed?

MR. MORGAN: To Mr. Watson, dated November 23th, 1928. It has referred to a letter to Kathleen

size up.

THE WITNESS: A Japanese firm.

MR. McRUER: And I would like to have the letter to Katakura & Company, copy of it if I can, to see what you said to them.

THE COMMISSIONER: All right, we will adjourn now to half past ten tomorrow morning.

-- The Commission adjourned at 5 P.M. to resume at 10.30 tomorrow morning, October 6th, 1936.

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size up.

THE WITNESS: A Japanese firm.

MR. MERUNE: And I would like to have the letter to Katakura & Company, copy of it if I can, to see what you said to them.

THE COMMISSIONER: All right, we will adjourn now to half past ten tomorrow morning.

-- The Commission adjourned at 5 P.M. to resume at 10.30 tomorrow morning, October 8th, 1936.
